PARLIAMENTARY DEBATES

(HANSARD)

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HOUSE OF COMMONS

OFFICIAL REPORT

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AND NORTHERN IRELAND
FIFTY-FOURTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2005–06

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DINING ROOM SUPERVISORS—Joaquim Ferreira (Press), Toby Dyer (Churchill Room), Fabrizio Maddedu (Principal Floor), Janice Spriggs (Principal Floor)

PRINCIPAL FLOOR SENIOR BAR ATTENDANT—Vacancy

BANQUETING MANAGER—Christian Purser

BANQUETING CO-ORDINATORS—Jason Bonello, Diane Elderfield, Carlos Ramirez Canessa

BANQUETING FLOOR MANAGER—Rui Duarte

BANQUETING SUPERVISOR—Patrick Cree

Catering Services - Outbuildings—

OPERATIONS MANAGER—Della Herd

SPECIAL PROJECTS MANAGERS - OUTBUILDINGS—Andrew Buckmaster

MANAGERS - PORTCULLIS HOUSE—Denise Durkin

MANAGER - 1 PARLIAMENT STREET (BELLAMY'S)—Tammy Holmes

MANAGER - 7 MILLBANK—James Ellis

Finance and Accounts Office—

BUSINESS DEVELOPMENT MANAGER—Morounke Akingbola

FINANCE MANAGER—Caroline Attenborough

ACCOUNTS OFFICE STAFF—Connie Bichri, Alison Cutts, Hannah Scott, Jan Gundersen

CASHIER—Kate Lapidge

PURCHASING MANAGER—Kate Hunt (Acting)

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PARLIAMENTARY AND HEALTH SERVICE OMBUDSMAN—Ann Abraham

18 April 2006

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-FIFTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 445**

TWELFTH VOLUME OF SESSION 2005–2006

House of Commons

Tuesday 18 April 2006

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

COMMITTEE OF SELECTION

Ordered,

That Andrew Stunell be discharged from the Committee of Selection and Mr. Adrian Sanders be added to the Committee.—*[Mr. Bob Ainsworth.]*

Speaker's Statement

Mr. Speaker: May I thank all hon. Members for their kind messages and the Officers of the House, members of staff and members of the public who were so kind to me during my absence? It is very appropriate that I should come back to call questions to the Secretary of State for Health.

Oral Answers to Questions

HEALTH

The Secretary of State was asked—

NHS Vacancies

1. **Dr. Evan Harris** (Oxford, West and Abingdon) (LD): What estimate she has made of the number of vacancies for (a) doctors, (b) nurses and (c) professions allied to medicine in the NHS, including posts filled by agency or locum staff. [63687]

The Secretary of State for Health (Ms Patricia Hewitt): On behalf of the whole House, may I say how delighted we are to welcome you back, Mr. Speaker? I am sure that you were in the very safe hands of the NHS, even if it was in Scotland rather than in England.

The number of vacancies for doctors, nurses and qualified allied health professionals is the lowest for three years. In March 2005, the number of vacancies for doctors was about 1,200, for nurses about 5,800 and for qualified allied health professionals about 1,700.

Dr. Harris: May I, too, welcome you back to full health at Health questions, Mr. Speaker, and, I hope, to full health answers?

At a time when the NHS is having trouble filling the thousands of vacancies that the Secretary of State described, is it sensible that up and down the country it should be making redundant front-line doctors, nurses and ancillary staff, including the threat hanging over hundreds of jobs in Oxfordshire? Will the Secretary of State recognise that the health service should not have to choose between front-line patient care and balancing the books this year? Will she give it more time?

Ms Hewitt: I am surprised that the hon. Gentleman did not mention the fact that there are now 2,700 more nurses in the Thames valley alone than there were in 1997 and significantly more GPs, consultants and, I am delighted to say, dentists. Against that background, a small number of hospitals, including the Radcliffe—which, incidentally, has one of its lowest-ever vacancy rates—are having to consider making a small number of staff redundant.

I hope that the hon. Gentleman agrees that we want every hospital to use the most efficient and effective ways of looking after patients. Where that means, for instance, more day case surgery or lower average lengths of stay, with better patient care but fewer hospital beds

and therefore fewer hospital staff but more staff in the community, I hope that he, like me, will support hospitals in making those decisions, because they are good for patients as well as good value for money.

Mr. Kevin Barron (Rother Valley) (Lab): Does my right hon. Friend agree that even if today's media reports were true and we were to lose 500 health workers jobs a week for the next six months, hundreds of thousands more people would still be working in the NHS than nine years ago?

Ms Hewitt: My right hon. Friend is absolutely right. We have more than 200,000 more staff in the NHS, including 78,000 more nurses, than we had in 1997. Reports of thousands of job losses are nonsensical. As hospitals become more effective and use more modern medical technology, more services are being provided in the community—for instance, looking after patients with chronic heart disease in their own homes—slashing the number of emergency admissions, which I hope all Members support. Where that means fewer staff in acute wards in some hospitals but more staff in the community, that is the right thing to do when it delivers better patient care with better value for money.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): Given that many primary care trusts are not replacing jobs to ensure that employment numbers are kept low, will the Secretary of State undertake to publish regular employment figures for trusts so that we know exactly where job losses are occurring?

Ms Hewitt: We publish annual work force survey figures and we shall shortly publish the latest figures so that we can track exactly those changes. The hon. Gentleman and his colleagues need to decide whether they support a more efficient NHS and whether they support more services being delivered in the community—in community hospitals, health centres and patients' own homes—because that is clearly what the public want and what we will deliver.

Jonathan Shaw (Chatham and Aylesford) (Lab): Does my right hon. Friend agree that our NHS would not function if it were not for the outstanding contribution of people from abroad? Does she share my concern about reports that trainee doctors who have come to the UK in good faith are having their training interrupted by new visa regulations? What is she doing about that, particularly in terms of discussions with the Home Office?

Ms Hewitt: My hon. Friend makes a very important point. Indeed, for many decades, the NHS has been indebted to staff from abroad. The Home Office has recently announced a change to the arrangements for the immigration status of doctors who come from abroad to complete their training, but we have put in place transitional arrangements to protect doctors who, for instance, may have come here with three years' leave but are taking part in a specialist registrar training programme that may well last five years. The transitional arrangements will ensure that they can complete that training programme. However, my officials are meeting the Indian high commission, which has expressed concern, and the British Medical Association this afternoon to find out whether anything further needs to be done to clarify the arrangements, particularly the transitional arrangements, but the fundamental reason why we can make those changes is that we have been successful in training far more of our own doctors and nurses in this country.

Sir Patrick Cormack (South Staffordshire) (Con): In endorsing the Secretary of State's warm welcome to you, Sir, may I ask her whether she is aware that, when I was first elected to the House, almost every one of my constituents was served by a GP who provided an after-hours service. Not one of them is now provided with such a service. Is that progress?

Ms Hewitt: That choice was made by GPs and many others. When we negotiated the new contract for GPs, one of their main concerns was that they should be able to choose whether they provided out-of-hours services themselves or whether they left it to the local primary care trust to make other arrangements. As a result of the new contract, we have ensured that GPs are doing more preventive work than ever before. Indeed, thousands of people are alive and well today as a direct result of that contract, and we are now ensuring from this month onwards that more of GPs' pay is directly linked to patients' satisfaction with GP services, including access to appointments.

Mr. Andrew Lansley (South Cambridgeshire) (Con): May I, on behalf of Conservative Members, express our warm appreciation of your being back in the Chair again, Mr. Speaker? Welcome back. You are indeed a testament to the quality of care in the NHS, and we are delighted to see you.

This morning, the Prime Minister has been talking about the fulfilment of the Government's NHS plan, one of the central aspects of which was to recruit more doctors and nurses. Will the Secretary of State therefore explain to NHS staff how it can make sense for 8,000 posts to have been lost in NHS hospitals over the past eight weeks, with thousands more job losses to come, not according to us, but according to what is termed a senior source in the Department of Health this morning?

Ms Hewitt: The figures that the hon. Gentleman is so fond of quoting are simply rubbish. What we are seeing in many hospitals, as they seek to become even more efficient and effective, is a very significant reduction in the use of agency staff, which, as any nurse will say, is an extremely expensive and inefficient way to organise their ward rotas. As hospitals do more day-case surgery and as they work with PCTs to reduce emergency admission rates, they need fewer acute beds and therefore, in some cases, fewer staff in hospitals, but they are achieving that by reducing their agency staffing and by not filling vacancies in some cases. Very few hospitals indeed will need to consider redundancies, although some may now be consulting on them. That is enormously worrying for the staff involved, and everything will be done to keep the redundancies to a minimum, but the hon. Gentleman needs to tell us whether he is committed to—

Mr. Speaker: Order. I call Mr. Lansley.

Mr. Lansley: We are committed to a successful NHS, which can be achieved only if we have doctors and nurses providing services to patients. Whether they are in hospital or in primary care, those who are recruited to the NHS—doctors, nurses and physiotherapists—clearly have a reasonable expectation that, after their education and training, they should find posts. Can the Secretary of State therefore explain why expensively educated and trained junior doctors cannot find posts; why, in the west midlands, 2,000 out of 4,000 nurses leaving training cannot find posts; and why more than half of the physiotherapists who left training last year could not find posts anywhere in the NHS?

Ms Hewitt: More staff are employed in the NHS than ever before—thousands more than under the Conservative Government. Vacancy rates for doctors and nurses are down—in the case of nurses, to their lowest level since records began. Of course that means that, for some new graduates, it is harder to find jobs than it used to be. That is because there are so many more nurses and doctors in employment and considerably fewer vacancies.

We come back to the issue of whether we are going to support hospitals in becoming more effective and efficient and using fewer agency staff. West Hertfordshire, for instance, had a deficit last year of £18 million and an agency staffing bill of £17 million. The Government think that it makes sense to support that hospital in reorganising its permanent—

Mr. Speaker: Order. I must stop the right hon. Lady.

Royal Hospital, Sunderland

2. **Mr. Chris Mullin** (Sunderland, South) (Lab): What plans she has to visit the Royal hospital, Sunderland, to discuss its staffing and management. [63688]

The Parliamentary Under-Secretary of State for Health (Mr. Liam Byrne): There are no current plans to visit Royal hospital, Sunderland, but if my hon. Friend were to liaise with the chair of the trust I would be happy to consider an invitation.

Mr. Mullin: Is my hon. Friend aware that City Hospitals Sunderland is one of only seven trusts to have retained its three-star rating for five successive years? It was the first foundation trust in the north-east, it is well managed, it meets most of its targets, and yet no one can recall a time when our hospital had a visit from a Secretary of State—although we have had a visit from the odd junior Minister. Will the Minister be kind enough to ask the Secretary of State to pay us a visit?

Mr. Byrne: My hon. Friend is absolutely right to say that his trust has an enormous amount to be proud of. In particular, I congratulate Gillian Reay on winning this year's child nurse of the year. In 1997, 1,300 people had to wait longer than six months for treatment at his hospital: now, that figure is zero. There is a new cataract surgery, a new cardiac unit and a new urgent care centre in his constituency. I observe with some interest that his strategic health authority predicted that it would finish the year not just in balance but in surplus.

Mr. Stephen O'Brien (Eddisbury) (Con): When the Secretary of State promised to listen to staff in our NHS, did she expect to go to them or them to come to her? She has managed to visit no more than an average of about one hospital a month. Would Sunderland not be a good place for her and her hapless Minister to start making amends and to hear directly from staff about job losses and the relentless pressures that they are under because of the gross financial incompetence of her Department?

Mr. Byrne: When the political history of this programme of reform is written, it will be seen that the Secretary of State undertook the largest ever consultation in relation to the development of reforms, which is why the White Paper on health that was published in January was so widely welcomed not just by the public but by the NHS as a whole.

Dentistry

3. **David Wright** (Telford) (Lab): How many dentists are in training; and if she will make a statement. [63689]

The Minister of State, Department of Health (Ms Rosie Winterton): There are currently approximately 3,350 home and European dental students in dental schools in England. By 2010, as a result of our current programme to expand dental training and open a new dental school, there will be more than 4,000 dental students—a 25 per cent. increase over the number in training in 1997.

David Wright: That is extremely good news. How are we going to communicate that information more effectively to our constituents? A lot of misleading information is put out, particularly by the Conservative party, about dentistry in local areas. As more NHS dentists go into communities, how are we going to communicate that? Will the Minister join me in thanking the *Telford Journal* for its excellent campaign to promote the 8,000 extra NHS dentistry places available to residents in my constituency?

Ms Winterton: I am happy to congratulate the *Telford Journal* on helping to communicate some of the good news about dentistry in my hon. Friend's area. After all, despite widespread predictions that there was going to be a mass exodus of dentists from the NHS, 96 per cent. of NHS activity has been continued. In his area, about 41 out of 42 contracts have been signed by dentists and the NHS has already recommissioned the 1 per cent. of services that were lost. His PCT has done an excellent job over the past two years in taking advantage of the £3.5 million extra that has gone into the area to make sure that access to NHS dentistry is being improved.

Mrs. Iris Robinson (Strangford) (DUP): May I, too, extend my good wishes to you, Mr. Speaker on your return to the Chair?

Does the Minister have any information on the number of dentists who have left the NHS, and what advice can she give people who cannot get on to dental waiting lists?

Ms Winterton: Approximately 1,000 contracts have not been signed or taken up by dentists, but all the evidence is that they tend to be single-handed dentists with a small number of NHS patients. However, 8,300 contracts have been signed, and nine out of 10 dentists have signed up to the new contract. In future, the different ways of working, combined with the £315 million extra investment in NHS dentistry, will improve access to NHS dentistry a great deal, and deal with the problems that were created by the previous Administration with the unpopular contract and the closure of dental schools.

Dr. Brian Iddon (Bolton, South-East) (Lab): My constituency is not exactly rich in dentists, and the children's teeth are some of the worst in the country, so I was surprised to receive a complaint the other day from an orthodontist who is willing to set up a practice in my constituency but cannot obtain NHS backing. What advice can my hon. Friend give that dentist and others who find it difficult to set up a practice in the national health service?

Ms Winterton: If the orthodontist had practised during the reference period, when we gave an estimate of earnings under the contract, they would have been offered the same contract. They would also be able to treat all the patients that they were treating at that time and finish the treatment. There is a particular problem for orthodontists, for whom primary care trusts could not plan properly under the previous system. Under the new system, with local commissioning and the guidance that we have provided, PCTs are expected to join together to ensure proper provision for orthodontic treatment in, for example, a particular strategic health authority.

Alternative Medicine

4. **David Tredinnick** (Bosworth) (Con): When the new joint working group on herbal medicine, acupuncture and traditional Chinese medicine will begin its work; what (a) support and (b) funding the Government will provide for this work; and what the expected time scale is for the process. [63690]

The Minister of State, Department of Health (Jane Kennedy): We have appointed a chair for that working group, and are currently seeking nominations for its members. I expect the group to hold its first meeting this summer, and discussions on funding requirements for the 2006–07 financial year continue.

David Tredinnick: May I welcome you back, Mr. Speaker? I note that the right hon. Lady did not provide a figure, and there is concern among practitioners and groups that there will not be enough money to conduct a thorough review. If she does not extend the review, many groups, such as aromatherapists and naturopaths who use herbal medicine under section 12(1) of the Medicines Act 1968, will be excluded from using those herbs if a register is drawn up and they have not been considered? Will she look at that very seriously?

Jane Kennedy: I will do so, as I take the issue seriously. I am confident that we can deliver regulation of those practitioners, and the working group will look at that proposal. The hon. Gentleman will know that we have funded the Prince of Wales's Foundation for Integrated Health to help a range of complementary therapies, such as those that he mentioned, to develop voluntary professional self-regulation schemes.

Cancelled Operations

5. **Helen Goodman** (Bishop Auckland) (Lab): How many planned operations were cancelled in 2005–06 as a result of winter pressures on the NHS; and what the figure was in 1996–97. [63691]

The Secretary of State for Health (Ms Patricia Hewitt): Since we launched our 10-year plan for investment and reform in 2000, last-minute cancellations in the last three months of the year went down by more than 21 per cent., while elective admissions increased by nearly 9 per cent.

Helen Goodman: I am most grateful to the Secretary of State. In the County Durham and Darlington Acute Hospitals NHS Trust, control of cancellations has been accompanied by a reduction in waiting lists to achieve the target set by the Government. Does she agree that that is testimony to the benefits of the doubling of spending by the Labour Government?

Ms Hewitt: My hon. Friend is absolutely right. As a result of our investment and our reforms, we have just come through one of the coldest winters with none of the beds crises that we all remember so vividly from the winter of 1996–97. In addition, more people are being operated on in our hospitals and we have succeeded in bringing down the maximum waiting time to just six months for items such as hip replacements, for which people used to have wait two years or more under the Conservatives. That is an enormous tribute to NHS staff and to the backing that the Government have been able to give them.

Mr. Stephen Dorrell (Charnwood) (Con): As the Secretary of State seems to have mislaid the statistics for which her hon. Friend the Member for Bishop Auckland (Helen Goodman) asked, may I remind her that the hospital activity statistics published by her Department show that in the last four quarters for which I was responsible as Secretary of State, the number of operations cancelled at short notice was 52,000 and in the last four quarters for which the same statistics are available the figure was 65,000? Does the Secretary of State agree that, whatever the statistics, the important consideration is that both those figures are too high and that the real question, at a time when hospital deficits are increasing the pressure on NHS trusts, is what the Secretary of State is going to put in place to ensure that the statistics for the next four quarters are lower than either the previous four quarters or the last four quarters for which I was responsible?

Ms Hewitt: The right hon. Gentleman fails to mention how many fewer operations were carried out when he was Secretary of State for Health. Nevertheless, he raises an important question. My answer is that since 2003 we have put in place a guarantee to patients that if their operation is cancelled at the last minute, they will

be given a fresh date for it within 28 days and that if their local NHS hospital cannot guarantee that, they will have the choice of going to any other hospital either in the NHS or in a private sector hospital paid for by the NHS. That has significantly reduced the number of cancelled operations and I have no doubt that, despite having to take some difficult decisions to restore financial balance in the NHS, we will continue to see further improvements in patient care over the next 12 months.

Dentistry (South Derbyshire)

6. **Mr. Mark Todd** (South Derbyshire) (Lab): If she will make a statement on access to dental health services in South Derbyshire. [63692]

The Minister of State, Department of Health (Ms Rosie Winterton): The dental reforms that were introduced on 1 April will enable the local NHS in South Derbyshire to improve access to dentistry. The PCTs in southern Derbyshire now have dedicated local budgets to commission dental services, including an additional £250,000 to expand local provision, and they have already received a number of expressions of interest to provide new services.

Mr. Todd: I thank my hon. Friend for that answer, but draw her attention to the fact that South Derbyshire—and Swadlincote, in particular—is one of the fastest growing areas in the country, so the pressures on dentistry are much more acute than in other parts of the country. The recent contractual reform has not been followed by a complete take-up, so my hon. Friend may find that the sum available is insufficient to guarantee even the continuing commitment of dentists who have already contracted but have queries about their contracts.

Ms Winterton: I was glad to see that in the Derbyshire Dales and South Derbyshire PCT there has been 100 per cent. take-up of the new contract. In the Greater Derby PCT there have been two rejections out of a total of 22. That certainly demonstrates that dentists have looked into the terms and conditions on offer and have realised that it amounts to a good deal. I am aware that in the particular area that my hon. Friend mentioned, the PCT is already putting out to tender a contract to provide three or four dentists in a specific practice, but I cannot comment on all the individual contract negotiations. I believe, however, that the outcome will be an improved service in that area.

Dr. Andrew Murrison (Westbury) (Con): We know from an internal Labour party briefing note that was leaked last week that there has been an 8 per cent. reduction in the number of dentists who are willing to undertake NHS work in the strategic health authority that is responsible for South Derbyshire. In other words, fewer dentists are doing less NHS dentistry in South Derbyshire—what a triumph for the new contract. Will the Minister say how many of South Derbyshire's remaining NHS dentists have signed up on a qualified "in dispute" basis—in other words, how many more of them may quit in the months ahead? How much success has there been in reallocating any unused units of dental activity in the SHA that covers South Derbyshire?

Ms Winterton: I am surprised that the hon. Gentleman has not apologised for giving the impression that there was going to be a mass exodus from the NHS. Time after time, his party stated that that was the absolute truth, but it has not proved to be the case. Nine out of 10 dentists have signed up—it is true that some of them have signed up "in dispute". In the Derbyshire Dales and South Derbyshire PCT, for example, four dentists are in dispute, but 100 per cent. of dentists have signed up. On units of dental activity, many PCTs have already reached the levels of units of dental activity that were set for them, because of the new system for commissioning dentistry. On top of that, we expect many of the disputes to be resolved by the local resolution procedure, before perhaps going to the NHS Litigation Authority, which is the last resort. The hon. Gentleman should not only thank the dentists who have signed up—as I have said, there are many more of them than he predicted—but pay tribute to the hard work by local PCTs in ensuring that there is now better access to NHS dentistry and that the reforms have taken place in the way we planned.

Barnet PCT

7. **Mr. Andrew Dismore** (Hendon) (Lab): If she will make a statement on the financial position of Barnet primary care trust. [63693]

The Minister of State, Department of Health (Jane Kennedy): For 2005–06 at month six, Barnet primary care trust is forecasting to break even.

Mr. Dismore: I can tell my right hon. Friend that Barnet PCT was able to break even—in fact, it achieved a small underspend. Given that achievement, the local community feels hard done by, because some £12 million has been top-sliced off this year's budget, which means less progress on waiting times and on new initiatives, such as the spirometry service at Edgware hospital. What guarantees can my right hon. Friend give that the money will be returned, and when will it be returned?

Jane Kennedy: The many NHS organisations, such as Barnet PCT, that have not only broken even, but created a surplus while maintaining excellent levels of service will receive the funding back in the following year. The SHAs will be working with health organisations in my hon. Friend's area in north London to ensure that that repayment takes place.

Chlamydia

9. **Laura Moffatt** (Crawley) (Lab): What steps the NHS is taking to detect and treat chlamydia among 16 to 24-year-olds. [63695]

The Parliamentary Under-Secretary of State for Health (Caroline Flint): Welcome back, Mr. Speaker. The national chlamydia screening programme has been rolled out successfully to 25 per cent. of PCTs, and we expect to see national screening in all other areas during 2006, which is well ahead of the 2007 target. We have also contracted Boots the Chemist to evaluate the potential of retail pharmacies as chlamydia screening

venues. Screening started on 14 November 2005, and the two-year pilot will be independently evaluated by TNS Healthcare.

Laura Moffatt: It is good to see you back in your place, Mr. Speaker. I am pleased to hear about the work on chlamydia, which leads to so many heartbreaking stories involving women and infertility. Does this House accept that men must also take responsibility, because only 17 per cent. of men turn up for chlamydia screening? What is her Department going to do to improve those figures, so that we can all take responsibility for that damaging condition?

Caroline Flint: Clearly, chlamydia is an important issue. It is a sexually transmitted infection that leads to ectopic pregnancies and is a major cause of infertility. All men and women, inside and outside this House, should take it very seriously. My hon. Friend makes an important point about men. We offer a world-class service in providing screening, which, unlike in other countries, is available for men and for women. We are trying to find settings where we can reach men and make them aware of their responsibilities in this regard. We have screening services at colleges, prisons and military bases, and we are evaluating the number of men who use the Boots service. We are open to the reform and modernisation of services so that people can take forward their own responsibilities while we ensure that we provide a service that they can access.

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): On Thursday, I met a GP who told me that he was embarrassed by how much money he has earned this year for working far fewer hours than he did last year. Does the Minister agree that if we had paid our GPs less and they had worked harder, funding would have been available for a national TV advertising campaign on the dangers of undetected chlamydia?

Caroline Flint: We will be resourcing a major national campaign on sexually transmitted infections, but it is important that that campaign and its timetable fit in with the development of services locally. I am pleased to say that of the 96 per cent. of people diagnosed with chlamydia in the second year of the programme, more than 75 per cent. were treated outside genito-urinary medicine clinics in GPs' surgeries and other health settings.

Sandra Gidley (Romsey) (LD): The Minister mentioned GUM clinics. She will be aware that the symptoms of chlamydia are sometimes mild and transient. Does she share my concern that only 49 per cent. of people are able to access a GUM clinic within 48 hours and, if so, what is she planning to do about the problem?

Caroline Flint: That is a major target but it is also a challenge for the NHS. The latest figures show that some 51 per cent. of people access a clinic within the 48-hour target. It is clear that some areas are doing better than others. Over the past six months, I have spent some of my time looking at how different services are meeting that target, because it is very important that people who want to get treatment and advice can access those services. It is also clear that many services to do with sexually transmitted infections, abortion and contraception could be provided in other settings outside GUM clinics. That will help to meet the 48-hour access target.

Dentistry

10. **Vera Baird** (Redcar) (Lab): How many NHS dentists there are; and if she will make a statement. [63696]

The Minister of State, Department of Health (Ms Rosie Winterton): The total number of GDS—general dental services—and PDS—personal dental services—dentists as at 31 March 2006 was 21,025; a 25 per cent. increase since 1997. The great majority of those dentists are now working under new NHS contracts. In the minority of cases where dentists have chosen not to take up a new contract, primary care trusts are successfully using the funding for these contracts to re-provide services using other dentists.

Vera Baird: Welcome back, Mr. Speaker. I thank the Minister for that reply and, obviously, we have gone round this block a little bit already. In Redcar, there are two PCTs. In Langbaurgh, 17 out of 17 practices have signed up; in Middlesbrough, 21 out of 22 have signed up, with others keen to expand to fill the gap that has been left. We have a 60 per cent. registration rate, so we are doing quite well. Some local dentists have asked me whether it is practical to conduct a review to ensure that, in six months' time, the new contract is delivering what is predicted. Given what has been said already, Redcar's signing-up rate is clearly out of kilter with the rest of the country, so were the media and the Tory Opposition wide of the mark?

Ms Winterton: My hon. and learned Friend is right to congratulate the PCTs in her area on being so successful in negotiations with local dentists. As she suggests, that is not out of kilter with the signing-up rate in other areas. Many patients were unnecessarily worried by the actions of some dentists and dentists' organisations and of Opposition parties. People were told that there would be no NHS dentistry and were encouraged to think that they had to take out insurance provision such as Denplan. In fact, the changes that we have made will lead to improved access for patients and a better deal for dentists.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May I remind the hon. Lady that of the 68 dental practices in Lincolnshire, only 38 have signed the new NHS contract to treat both adults and children, and that there are 115,000 individuals who do not have access to a dentist? Given that, will she reconsider her rejection of my previous proposal that her Department should pay private dental fees, subject to a cap, where no NHS dentist is available?

Ms Winterton: I am aware that there have been long-standing problems in the right hon. and learned Gentleman's area, but we have also made available extra funding in order to assist with access problems. Our support team is continuing to work with local PCTs, and I know that some progress has been made in commissioning extra dentistry. Action taken by local

PCTs includes recruitment from abroad, which has been quite successful, particularly recruitment from Spain. I remember visiting the right hon. and learned Gentleman's area and hearing about some of the actions that were being taken. The area is one with which we will continue to work closely to make sure that access improves.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): In Barnsley, 35 out of the 36 dental practices have signed the new contracts. However, at one dental practice, only one of the four dentists has signed a contract. What advice can the Minister offer to my constituents who find themselves without an NHS dentist, particularly in the short term?

Ms Winterton: In the south Yorkshire area the sign-up rate has been about 99 per cent. Where individual dentists have not signed up, the PCTs, certainly in south Yorkshire, are already considering recommissioning dentistry from other dentists. There is no shortage of dentists who are coming forward to take more patients on to their lists. However, I have set up an implementation group to make sure that as the reforms bed down, we are able to iron out any difficulties that occur.

Dr. Richard Taylor (Wyre Forest) (Ind): Can the Minister give us a global figure for the number of dentists who have signed the contract in dispute? Is it true that dentists who believe that the contract is undeliverable have been coerced into signing by threats that payment will be delayed?

Ms Winterton: We gave dentists until 31 March to sign up to the new contract to ensure that the payments could go through, starting in May. To get the data on to the computer system, dentists had to make the decision by 31 March, when the new financial year started. There are areas where around 30 per cent. of dentists have signed in dispute. I have had meetings with representatives of primary care trusts and strategic health authorities and they are confident that many of those disputes can be resolved by the local resolution procedure. In some areas, sets of dentists all decided to sign in dispute, which has caused particular difficulties, but I am confident that through the work that PCTs are doing, they will be able to sort out many of the problems fairly quickly.

Mr. Eric Illsley (Barnsley, Central) (Lab): As my hon. Friend has just heard, the vast majority of dentists in the Barnsley area have signed up to the new NHS contract. However, the gap in finance for orthodontic provision is huge—something like £800,000—and in Barnsley we face orthodontic treatment waiting lists beginning at four or five years from now. Will my hon. Friend look again at the provision for orthodontic treatment in Barnsley?

Ms Winterton: As my hon. Friend knows, I have had considerable discussion about the position in his local PCT. As I said, we want to ensure that, in the longer term, all orthodontic treatment is provided under the index of need that we have put together so that everything offered on the NHS is clinically necessary. We will also have to consider a specialist approach to orthodontic treatment, which is extremely expensive and has, in a sense, grown in a haphazard fashion. We considered whether the surrounding PCTs in my hon. Friend's area would be interested in joining together to provide extra funding. As he knows, it has been agreed to pay for all the treatment that the specific orthodontist has started. The difficulty is what happens in the longer term. We will consider the matter in the implementation group, which includes orthodontist representatives.

Audiology

11. **Mr. Desmond Swayne** (New Forest, West) (Con): What assessment she has made of the impact on services of her policy on audiology waiting times. [63697]

The Parliamentary Under-Secretary of State for Health (Mr. Liam Byrne): The Department's policy on hearing aid services has focused on ensuring that the NHS provides modern digital hearing aids. It is for local commissioners to ensure that their populations benefit from those improvements, using the increasing resources that the Government have made available.

Mr. Swayne: A constituent was referred by his general practitioner to an audiologist on 16 January. On 16 March, he received confirmation of an appointment for August 2007. Given the age profile in my constituency, there is a significant danger that constituents will have an appointment with an undertaker before they get an appointment with an audiologist. Will audiology be included in the 18-week target?

Mr. Byrne: Once upon a time, digital hearing aids cost £2,500 and were an impossible dream for most of the population; only the wealthiest could afford them. RNID estimates that approximately 1.8 million people use hearing aids, 600,000 of whom have already been equipped. We are consulting on rolling out the 18-week target to consultant referrals for audiology departments and we shall publish the results shortly.

Miss Julie Kirkbride (Bromsgrove) (Con): Given the Government's willingness to embrace the private sector for the provision of NHS services, has the Under-Secretary considered improving the supply and speed of audiology services by offering those who need a hearing aid a voucher to have it provided wherever they see fit?

Mr. Byrne: The Government, together with RNID, has spent £125 million on ensuring that audiology departments in every part of the country can fit digital hearing aids as a matter of routine. We have brought down the cost of digital hearing aids from £2,500 to only £67 through a unique partnership with RNID and the private sector. We have put a new generation of audiologists into training, and the first of those graduates come out of college this year. It is down to PCTs to use the record investment that is available to them to ensure that services are delivered. Where there are shortages of capacity, we have ensured that public-private partnerships are available to shore up supply. If that sounds like a comprehensive programme, it is because it is one.

Mental Health

12. **James Brokenshire** (Hornchurch) (Con): Whether she has made an assessment of the impact of financial deficits on the provision of mental health services; and if she will make a statement. [63698]

The Minister of State, Department of Health (Ms Rosie Winterton): A recent assessment undertaken by the Department shows that, in 2005–06, 11 out of 84 mental health provider trusts made reductions to planned expenditure. The reduction of £16.5 million amounted to less than 0.3 per cent. of the total investment of more than £6 billion. In 2005–06, investment in mental health increased by £368 million.

James Brokenshire: There are still considerable concerns about funding mental health services. A day hospital that offered psychological services in my area closed in the past year. The re-provision of that service will take another three years. I am told that that is due to financial constraints in the health economy. Given that mental health is not listed as one of the national NHS priorities for the coming year, is there not a risk that funding to mental health services will be cut so that trusts can balance their books? At the start of national depression week, what assurances can the Under-Secretary give that funding for mental health facilities will not continue to be overlooked?

Ms Winterton: Since 1999, funding for mental health services has increased by about £1.5 billion. Mental health services have been made one of the Department of Health's top three priorities, and they have been transformed from a Cinderella service into a modernised and reformed service with a lot of new investment going into it. I understand the hon. Gentleman's concern about the day centre in his constituency, but the decision was made locally to put the money that was going into the day centre into new psychological therapies.

We have recently issued guidance on the use of day centres, and many local trusts are now considering providing more services on a social basis, for example, rather than always providing them in a centre. There was quite a lot of consultation with service users about the day centre in his constituency, and about the different types of service that they would prefer to be offered. Overall, expenditure on mental health services has increased, and we should all be very proud of the real changes that have taken place in the provision of those services.

John Hemming (Birmingham, Yardley) (LD): Given the £64 billion that is going into the primary care trusts, does the Minister accept that the difficulty in the health economy is that the inflexibility of the tariff is having a knock-on effect not only on children's hospitals, but on mental health services? Does she agree that, to avoid meltdown, we need some flexibility in the system so that the funding can be made available for mental health services as well?

Ms Winterton: The tariff does not apply to mental health services. The evidence is that there has been increased investment in those services, and we are now also providing many of those services within the community, outside the traditional hospital setting. The crisis resolution teams and early intervention teams have been very successful in removing the necessity for expensive in-patient treatment. Treating more people in the community—alongside the extra investment and the new ways of working involving new roles for mental health staff—has really turned the service round. I urge the hon. Gentleman to go and look at some of the new services that are being provided in his constituency. He will find that they are being warmly welcomed by service users and carers.

Tim Loughton (East Worthing and Shoreham) (Con): Why did the Minister claim in a written answer to me just three weeks ago that only three mental health trusts were forecasting a deficit when her own survey, published two months earlier, revealed that at least 25 per cent. of the trusts that responded were forecasting deficits? The *Health Service Journal* reports that 58 per cent. of mental health trusts' chief executives have had to close wards, and that four out of five have implemented recruitment freezes. *Pulse* magazine reveals that the average wait for an appointment with a child psychiatrist has gone up to 188 days, and that three of the country's specialist child psychiatric in-patient units have closed, with more closures threatened. Is it fair that the Cinderella service of the NHS now has to bear the brunt of the cuts resulting from the financial shambles brought about by the Minister's own Department?

Ms Winterton: It is quite astonishing that the hon. Gentleman can talk about mental health services as a Cinderella service under this Government, when he knows very well that they were in a shocking state under the previous Conservative Government. Under this Government, about £1.5 billion of extra investment has gone into mental health services, and about 25 per cent. extra for psychiatrists. That is not to say that we cannot go further, but we should all be proud of the massive changes that have been made to the way in which those services are delivered. The 11 trusts that are reported to be making planned reductions in expenditure were going to spend about £893 million. They have spent £16.5 million less than that. Overall, however, the increase in expenditure last year was £368 million. We have put in extra investment, changed the ways of working and made mental health services one of the top three priorities of the Department of Health. That has completely turned the service round since we inherited it from the Conservative Government.

NHS Funding

14. **Meg Hillier** (Hackney, South and Shoreditch) (Lab/Co-op): If she will ensure that health trusts which balance their budgets are not disadvantaged under NHS funding criteria. [63700]

The Secretary of State for Health (Ms Patricia Hewitt): We use a fair funding formula to direct funding for the NHS towards areas of greatest need. Over the next two years, in line with that formula, we will ensure that no area is more than 3.5 per cent. below its fair funding target—most will be far closer than that. We will not change that funding formula.

Meg Hillier: It is good to see you back, Mr. Speaker. Both the Homerton hospital trust and the primary care trust in Hackney have had balanced books since their inception, except for a small deficit for the Homerton hospital for the first time this year. Will my right hon. Friend assure me and Hackney residents that money loaned to other areas of the NHS will be paid back on the date agreed and with the interest agreed, so that continuing services develop? Will she also consider how the good management in Hackney can be extended to other parts of the NHS? If the books can be balanced in Hackney, which has severe health needs, they can be balanced elsewhere.

Ms Hewitt: My hon. Friend is right. It is wrong that, in the old monolithic NHS, underspending areas such as Hackney, and the east end of London more broadly, were compensating for overspending in, for instance, the west end of London, which generally has a much better-off population and less pressing health needs. I guarantee that money lent from the Hackney health community and other parts of London to manage the financial problems of the current year will be returned to them, that they will be able to satisfy themselves that recovery plans are not only in place in the overspending areas but implemented and that the NHS in London will be restored to financial balance.

Alistair Burt (North-East Bedfordshire) (Con): Will the Secretary of State also ensure fair treatment for hospitals such as Bedford hospital, which worked hard to obey the Government's instructions before the last election to clear their waiting lists regardless of costs and which now face financial disadvantage because the goalposts have been moved? Why should my local hospital not be in a position to afford to replace consultants because the tactics have suddenly changed post the election?

Ms Hewitt: The majority of hospitals across the NHS are not only meeting their waiting time targets, treating the vast majority of patients in accident and emergency within four hours and improving patient care in many other ways, but are doing so within their substantially increased budgets. We expect Bedfordshire and Hertfordshire to do exactly the same. I hope very much that the hon. Gentleman will support decisions being made by the NHS in Bedfordshire, some of which are difficult, to ensure that it delivers the best possible patient care, and does so within its budget instead of expecting to be bailed out by other poorer parts of the country.

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): Does my right hon. Friend agree that those hospital trusts that repeatedly balance their books should not make staff redundant?

Ms Hewitt: The important test is whether a hospital, even one that is in financial balance, is delivering the best possible patient care with the best possible value for money. Some hospitals that are in financial balance can none the less do more to improve services, whether through day case surgery, reducing the average length of stay or ensuring that more patients are treated in the community rather than having to be admitted to hospital in the first place. The guiding light for all these changes is to provide the best possible care for patients within the enormously increased budgets that we are giving the NHS.

Steve Webb (Northavon) (LD): One important group of trusts that will struggle to balance budgets this year is specialist children's trusts, which, under the new tariff system, will not get the cost of their specialist work refunded to them. Will the Secretary of State investigate the concerns of those trusts? Surely people who want to send their children to Great Ormond Street, Alder Hey and other excellent trusts should not face front-line cuts because of an over-hasty implementation of reform simply to give the Prime Minister a legacy before he goes.

Ms Hewitt: Contrary to what the hon. Gentleman has just said and has been saying to the media, we are taking four years to introduce payment by results, which I think he and, indeed, most people in the NHS strongly support. Not only does it underpin patient choice, it gives every hospital proper transparency in relation to costs and a proper reward for its activity.

In the case of specialist trusts, it is true that the tariff needs further work and development to reflect the costs properly. We are discussing those issues with children's specialist hospitals in particular. They are part of the pride and joy of the NHS, and we will ensure in our discussions with them that they can continue their excellent work for some of the sickest children in our country.

Complaints

15. **Mr. Siôn Simon** (Birmingham, Erdington) (Lab): What steps she is taking to improve the NHS complaints procedure. [63701]

The Minister of State, Department of Health (Jane Kennedy): I compliment my hon. Friend on the interest that he takes in this subject. I refer him to the written answer that I gave to his question dated 20 December last year. Since that answer was given, however, we have published the White Paper "Our Health, Our Care, Our Say", which made a commitment to

"develop by 2009 a comprehensive single complaints system across health and social care".

Mr. Simon: My constituent Jenny O'Connor, who was misdiagnosed last year in this country, went abroad for an operation that she did not need and was given another operation that she did need, along with an explanation of what should have happened in the first place. She came back and asked for her records. Finally, after three months, she obtained the records. When she complained, she was told that she could not do so because time had run out. The trust involved is now under different management, and making great strides. Could the Minister have a word with it about the need to take complaints a little more seriously, not just in this case but across the board?

Jane Kennedy: I am aware of the case that my hon. Friend has raised. In general, it is important for all complaints to be thoroughly and properly investigated, and for the complainant subsequently to be given an explanation and, when appropriate, an apology. I undertake to look into the details of the case, and will be happy to meet my hon. Friend.

Northern Ireland

3.31 pm

The Secretary of State for Northern Ireland (Mr. Peter Hain): First, let me warmly welcome you back to the joys of Northern Ireland business, Mr. Speaker. I know that there will be cross-party unity on that in Northern Ireland.

With permission, I wish to make a statement about the future of Northern Ireland. The last 10 years have seen many crucial decision points in the peace process. One was eight years ago, when the people chose peace over conflict, consent over coercion and a positive future over a poisonous past. Now there is another choice. Before the end of this year, Northern Ireland's political leaders and elected Assembly members must decide whether to take responsibility for their people's future, as they have been mandated to do, or to opt for political cryonics. They must decide whether to bring an end to Northern Ireland's democratic deficit, or to see locally unaccountable direct rule stretch into the foreseeable future.

I firmly believe that Northern Ireland is governed best when governed locally, and I firmly believe that that view is shared by the people of Northern Ireland. Now is the time to prove them right. Direct rule was a 1970s solution to a 1970s problem. Since then, Northern Ireland has moved on and changed beyond all recognition. It is light years away from the troubles. Where once there was economic stagnation, there is now vibrancy. Where once there was the futility of cyclical violence, there is now the stability and prosperity of peace. And where once the political landscape was riven by sectarianism, there is now a shared desire among all the parties to move forward and take their proper places in the devolved institutions to which they were elected. The only real argument is when and how.

The experiences of devolution in Scotland and in Wales have demonstrated the huge benefits that local politicians exercising locally accountable power can reap. Both nations have seen increased self-confidence, increased economic growth, increased social cohesion and an increased international profile. Northern Ireland has also undergone a positive transitional experience, but the potential of full devolution remains tantalisingly out of reach.

The blunt truth is that Northern Ireland is in great danger of being left behind as not only the rest of the United Kingdom strides on successfully, but the Republic of Ireland continues to be one of the biggest global success stories of our generation. It is now for Northern Ireland's politicians to catch up—and catch up fast. Northern Ireland's people demand nothing less. From sport to science and from culture to business, Northern Ireland has some of the brightest talent anywhere in the world. It is time that its politicians lived up to that promise and showed vision and courage.

The arrangements that the Prime Minister and Taoiseach outlined on 6 April give Northern Ireland's politicians the chance to close the chapter on the mistrust that has blighted the process since the suspension of the institutions in October 2002. However, if the parties do not choose to close that chapter of mistrust soon, the Government will be forced to close the book on devolution for the foreseeable future.

The Independent Monitoring Commission has stated unequivocally that the IRA no longer represents a terrorist threat. That is momentous and should be acknowledged as such. Where there are issues around criminality, they must be—and indeed are being—addressed by the police, with the support of the whole community. Where there are issues of trust, they can be resolved only by political dialogue.

Over the past few months, we have held discussions with all political parties in Northern Ireland with a view to restoring the political institutions. However, as the Prime Minister and Taoiseach made clear in their joint statement on 6 April, we cannot, and will not, try to force Northern Ireland's politicians to take that final step forward. We can only point them towards what we believe to be the best road ahead. We have come to the point at which those outside the Northern Ireland political parties themselves can do little more to facilitate the process. I know that the decisions that will have to be taken are not easy, but honestly believe that history will not look kindly on those who miss the opportunity that stands before us.

Copies of the joint statement made by the Prime Minister and Taoiseach on 6 April have been placed in the Library of the House, as have the speeches that they delivered. I will further place the Prime Minister's speech on record in a written ministerial statement tomorrow.

The joint statement indicated that the Northern Ireland Assembly would be recalled on 15 May, with a view to reaching agreement to restore the institutions by 24 November. Last week, I nominated a new Presiding Officer, Eileen Bell. I have every hope that she will soon be overseeing the transition of the Assembly to full devolution. A woman of real courage, strength and ability, she is highly regarded by all, and could be the symbol of a new political era of co-operation and progress, leaving behind sectarianism and division.

We will aim to discuss with the parties next week how the Assembly will function after 15 May, including its standing orders. I will also be introducing an emergency Bill on 20 April, for taking through the House next week. I know that this is an extremely tight timetable, but the Bill will have only about half a dozen clauses in total and hon. Members will appreciate the urgency. We need to get the parties back in the Assembly and talking now to provide them with the maximum opportunity for securing agreement by 24 November at the very latest.

The Bill will arrange for the Assembly to be recalled with the express purpose that it sets about electing a First and Deputy First Minister on a cross-community basis, and then forms an Executive, under the d'Hondt formula. As soon as that is done, power will automatically be devolved, as happened in December 1999, and all the Assembly's other functions will be resumed.

Our hope and intention is that the Assembly will elect an Executive within six weeks, as envisaged by paragraph 35 of strand 1 of the Good Friday agreement. However, if that time frame proves to be too short, the Assembly will have a further 12-week period after the summer in which to complete the task. During that period, it will be open to the parties to engage in further discussion, both among themselves and with the Government, on improving the running of the

institutions. The Assembly will also have opportunities to prepare for government by considering issues that are crucial to the future of Northern Ireland, such as the economy and reforms to education, water charges and public administration.

The Bill will have obvious implications for Orders in Council. Some of the forthcoming Northern Ireland legislation on transferred matters will obviously be appropriate for consideration by the restored Assembly, and Ministers will naturally be willing to take account of views on such matters, if they are provided on a cross-community basis.

It would be preferable to all democrats if the parties were quickly able to take up the mantle of government so that the decisions that affect the everyday lives of people in Northern Ireland were taken by locally accountable politicians. However, in the meantime, I will not delay implementing vital reforms that this Government consider essential to the better running of Northern Ireland. While those decisions may not always be popular, they are necessary in the public interest, to put Northern Ireland on the road to becoming world class.

If, however, the Assembly has been unable to achieve a power-sharing Executive by 24 November, there will be no choice but to cancel Assembly Members' salaries and allowances forthwith, and to cancel the election due in May 2007. It would be absurd to elect Members unwilling to discharge their duties to an Assembly that would not have sat for more than four and a half years.

Restoration of the Assembly and Executive would then be deferred until there was a renewed political willingness to exercise devolved power. The two Governments would then continue their commitment to developing north-south co-operation and structures as set out in the Good Friday agreement. In this scenario, the agreement would remain very much alive.

It is crucial that the parties keep talking—not just to the two Governments, but to each other. We are committed to facilitating dialogue to achieve this over the months ahead in whatever forum is required—full plenary sessions of the Assembly, smaller forums of designated members, or all-party discussions, including with the Prime Ministers.

I want to re-emphasise that the strategy that the two Governments have agreed is designed for success, not failure. Our overwhelming desire is that local politicians take power back into their own hands, just as Scotland and Wales have done to great effect. It is time for Northern Ireland's politicians to show leadership and good faith—in themselves, in each other and in the people who elected them.

Mr. David Lidington (Aylesbury) (Con): I am grateful to the Secretary of State for making this statement at the earliest opportunity after Parliament's return and also for his courtesy in letting me have early sight of its contents. I say at the start that I hope that this initiative by the Government succeeds. My party will support the Secretary of State in this initiative. However, I have several concerns and questions.No one in this House does anyone in Northern Ireland any favours by trying to wish away the serious difficulties that still exist. Like the Secretary of State, I want to see devolution working in Northern Ireland. The people of Northern Ireland should have the right to elect representatives to take decisions on their behalf and to hold those representatives to account for their stewardship. But the truth is that we will not get agreement on an Executive, and certainly not by 24 November, unless we are able to overcome the deep mistrust that exists between the different communities and political parties.

My party accepts that the republican movement has come a long way in the past year—would that it had done so much earlier—and the IRA's statement of 28 July 2005 and the act of decommissioning in September were highly significant developments. But does the Secretary of State agree with me that the responsibility now rests primarily with republicans to persuade democrats from both the Unionist and nationalist traditions that their renunciation of violence and their declared commitment as republicans to democratic politics are both permanent and irreversible? Does the Secretary of State accept that it would be wrong to have Sinn Fein Ministers in the Government of Northern Ireland while the IRA continues to be involved in criminal activity, or before Sinn Fein is prepared to give its unequivocal backing to the police and the courts in Northern Ireland? Does he further accept that those moves need to come before an Executive are formed, and not at some unspecified point in the future when powers over policing and justice can be devolved?

In that context, I hope that the Secretary of State will be able to comment briefly on the fact that two very serious crimes have taken place in the last fortnight. In both cases, there has been much speculation about the involvement of members of the provisional republican movement. Clearly, if such involvement were to be proven, the task of building confidence and restoring devolution would be a hard one—I suspect that it would be impossible—in the time frame that the Government now envisage. Will the Secretary of State tell the House, so far as he is able to without compromising ongoing police investigations, what information he has received?

First, does he believe allegations that the murder of Denis Donaldson was carried out by the provisional IRA? The Prime Minister has declared very confidently that people who wanted to wreck the peace process carried out that crime. That confidence suggests that Ministers possess reliable information about the matter. At the time of the Northern bank robbery, both the Police Service of Northern Ireland and the Garda swiftly concluded that the IRA was to blame, and said so publicly. Have the two police forces yet come to any similarly firm conclusion about who was responsible for the murder?

Secondly, the Secretary of State will know that on 10 April the Garda arrested three men in Westmeath, after a lorry carrying vodka worth €300,000 was hijacked. Have the Irish authorities told him whether Dublin press reports are true and that the alleged criminals were known provisional activists? It has been claimed that one of them was released under the early-release provisions of the Belfast agreement.

In the wake of that incident, the Irish Justice Minister commented:

"As long as the IRA continues to exist and the IRA constitution continues to be treasonable and subversive then problems will continue to remain".

[Mr. David Lidington]

Does the Secretary of State agree with Mr. McDowell's assessment?

The joint statement of 6 April listed education among the issues that the new Assembly should discuss as part of its preparation for government. Will the Secretary of State therefore agree to put off his proposed education reforms, at least until the Assembly has considered them and its views are known?

Regarding the internal governance of Northern Ireland, will the Secretary of State confirm that it remains entirely a matter for the UK Government accountable to this Parliament? We on the Conservative Benches appreciate the efforts and commitment of successive Irish Governments, and of the Taoiseach personally, to a lasting settlement. I believe that political, economic and cultural relationships between the UK and the Republic of Ireland should be at least as close as those between any two modern European democracies that share a common land border. However, will the right hon. Gentleman confirm that it is a fundamental principle of the Belfast agreement and the entire political process that the constitutional status of Northern Ireland as part of the UK is accepted by all sides—albeit unwillingly in some cases—unless and until the people of Northern Ireland freely consent to change? Does he therefore agree that any form of joint authority would be in breach of that principle of consent?

On the emergency legislation that the right hon. Gentleman has announced, my colleagues and I will want to look at the detail as soon as it is available. However, once we have done so, we hope to be able to support the Government and to help to bring the Bill into law as quickly as possible.

I hope that the right hon. Gentleman can give me some reassurance about a particular anxiety of mine—that the Bill might include powers for Ministers to amend Acts of Parliament by order. Will the Bill contain such powers? If the answer is yes, will he promise that it will impose very strict limits on both the extent and duration of those powers?

Mr. Hain: First, I am very grateful to the hon. Gentleman for his good wishes, and for putting it on the record that, in general terms, the Opposition will support the initiative. I agree that it is in no one's interest to attempt to wish away what he described as the serious difficulties afflicting this process.

There is deep mistrust, and I agree that responsibility does indeed lie with republicans to ensure that everyone—not just their supporters, but their opponents—is persuaded that they are genuinely committed to peaceful and democratic means; that they have, as the Independent Monitoring Commission has reported, rejected their past commitment to terrorism; and that they are committed to rejecting criminality, about which I will say more in answer to the hon. Gentleman's specific questions.

The hon. Gentleman asked for further information on the murder of Denis Donaldson and on the vodka heist. He asked for further information on whether they were carried out by the IRA. I accept that he himself made a distinction between those events and the Northern Bank robbery, which the Chief Constable was quick to say was the responsibility of the IRA. No firm conclusions have been yet drawn by the police on either matter, and there is certainly no evidence that I have seen, or that the police have provided to me, or any intelligence, that either very serious incident, not least the barbaric murder of Denis Donaldson, was sanctioned, approved or in any way organised with, as it were, prior thought by the leadership of the provisional IRA.

Let me quote for the House's benefit a statement issued by the IRA on 13 April—*[Interruption.]* I think it important to put this on the record.

"The IRA has no responsibility for the tiny number of former republicans who have embraced criminal activity. They do so for self-gain. We repudiate this activity and denounce those involved. The IRA remains committed to the peace process . . . The leadership . . . believes that it is possible to achieve the republican goal of a united Ireland through the alternative route of purely peaceful and democratic means."

I may add that the president of Sinn Fein, Gerry Adams, has made clear his total condemnation of the murder and of criminality that may be carried out in the name of republicans.

On education reform, I am happy to provide assurances that I believe it would be a suitable matter for discussion in the Assembly if the Assembly chose to discuss it and if there were all-party agreement to do so. Undoubtedly, if all-party policy positions were agreed by the Assembly, the Education Minister—the Under-Secretary of State for Northern Ireland, my hon. Friend the Member for Basildon (Angela E. Smith)—and I would want to take careful note of them. We intend to bring forward an order next month to set the overall architecture, but there will be considerable scope once the Assembly has got going to determine the exact new admission arrangements, the nature of the pupil profile, curriculum detail and so forth. Those would be appropriate issues for the Assembly to discuss, but no one, I think, is in any doubt about—I have heard no one defend it to me—the continued existence of a method of deciding a child's future on the basis of two one-hour tests, after which their future opportunities are either closed or opened up. There is agreement, however, that there is genuine debate on the issue and there will be an opportunity to influence the future over exactly how the new regime will operate.

On the supremacy, as it were, of the United Kingdom Government in the governance of Northern Ireland, I am happy to agree entirely with the hon. Gentleman. There is absolutely no question of joint authority or joint governance. There is plenty of scope, however, and the hon. Gentleman implied that he agreed with this, for practical co-operation, as provided for through the architecture of the Good Friday agreement, which was endorsed by the people of Northern Ireland, for cross-border co-operation in a number of areas—for example, on energy, the economy, child offending, and getting rid of unfair mobile phone roaming charges so that there is a single, all-Ireland rate. On those sorts of issues, and on many more, there is tremendous scope for future co-operation, much of which, indeed, is already taking place. But there is no question of joint authority. There is no question of that at all.

I am grateful for the hon. Gentleman's general support on the emergency legislation and will be happy to take him through the detail when we have an opportunity to do so. I am being very cautious about Orders in Council; I know there is sensitivity to them in Parliament, both in this place and the House of Lords. However, I want some flexibility to make progress. I had hoped to include in the Bill provision by Order in Council, should we be in a position to reach a final agreement, and also to amend the strands 1 to 3 arrangements, which everybody understands will be necessary in terms of the original architecture; for example, the Democratic Unionist party has made its position clear.

I had hoped to include an Order-in-Council provision in the Bill, but it seems that there is opposition to that, so we shall have to look at emergency legislation later in the year, should there be the conditions for the necessary all-party agreement and the restoration of the institutions that we desire. I shall obviously consult the hon. Gentleman on all the detail as we go through the process.

Mark Durkan (Foyle) (SDLP): I welcome your return to health and work, Mr. Speaker, although I am not sure that we are the most therapeutic company this afternoon.

I thank the Secretary of State for his statement and for his advance courtesies in connection with it. I welcome his indication that he has decided not to seek Order-in-Council powers in the Bill to adjust the working of the institutions. He will understand that it is not just because some of us were celebrating the 1916 rising this weekend that we would not be happy to see the Secretary of State take such powers in relation to institutions that were mandated uniquely by all the people of Ireland in our generation.

In relation to other aspects of the statement, the Secretary of State indicated that there would be discussions with the parties next week about how the Assembly might function, including standing orders. The key question in those discussions will be who is to decide and when. We are told that the measure will give the Assembly a new working status and that it will not be just a shadow Assembly, so will there be a similar new working status for the north-south arrangements in that period, beyond care and maintenance?

In relation to a number of decisions, including water charges and the review of public administration, the Secretary of State indicated that Ministers would take account of views provided on a cross-community basis. Will he colour in the difference between taking account of views and abiding by them?

Mr. Hain: I am grateful to the hon. Gentleman for his opening points.

On the hon. Gentleman's question about changes to strands 1 to 3 of the Good Friday agreement, despite his opposition to my taking powers through Order in Council, the reason I was planning to do so is that I am concerned about running up against the deadline and making the changes in time. There will be a brief spill-over period after we come back in October before Parliament prorogues and then an equally brief time after Queen's Speech—I do not yet know the date, but Members can imagine the timetable—before we reach 24 November. I was concerned about having enough scope to take through emergency legislation, but if that is what we have to do, we shall have to try.

However, I am sure that the hon. Gentleman will acknowledge that we shall have to make changes in the strands to get all the parties together. There is no point in keeping our heads in the sand. The DUP has a mandate and has made it absolutely clear that it requires changes, and I acknowledge that. The Government stand ready to make those changes once we can achieve agreement on them, and that will require legislation. As I said, I would have preferred to have done that a little more easily through an Order in Council, on which I would have consulted widely and sought agreement, but obviously separate primary legislation will be necessary. Let us hope that, given the timetable, we can make things dovetail.

On standing orders, the Secretary of State—in other words myself—will have responsibility for drawing them up, as happened last time. We want to consult all the parties about them in detail, especially the Northern Ireland parties that will be in pole position, to try to reach agreement. The Assembly can of course amend the standing orders, as it can confirm or reject my nomination of Eileen Bell as the Speaker; the question of any deputies to be appointed will also be provided for in the Bill.

I do not envisage any new status for north-south co-operation during this period, but we will, of course, continue to do what we have been doing energetically for the past year and indeed before to gain everyone's support for co-operation on the economy and a range of other matters. We will discuss the possible shape of additional north-south co-operation, but we do not want to get into the business of pre-empting that. We want the Assembly and the institutions restored, and we want north-south co-operation to proceed on basis that it has successfully done so recently.

Obviously, an order will be introduced fairly soon on water charges, and I will want to take into account everything that the Assembly might want to say about that, particularly views that command cross-community support in the Assembly and that address the public expenditure consequences of adopting a different approach. Of course, if the Assembly voted unanimously to reject water charges, I would have to take account of that, but I would want to know where we would find the £200 million or so of extra public expenditure generated by those water charges and where we would get the finance to invest in Northern Ireland's decaying sewerage and water system. Finding those answers would be the responsibility of anyone who addresses the issue in the Assembly.

Lembit Öpik (Montgomeryshire) (LD): I also thank the Secretary of State for early sight of his statement.

The Liberal Democrats welcome the IMC's statement that the IRA no longer presents a terrorist threat, but we share the Secretary of State's concern and, indeed, that of the Conservative spokesperson regarding the ongoing involvement of paramilitaries in criminal activity. Can the Secretary of State give us an assurance that the Government still regard organised paramilitary crime as a breach of ceasefire?

[Lembit Öpik]

On the Government's clear targets for the Assembly's reconstitution, we also agree that decisions on matters such as health, transport and education are best taken locally, by locally elected politicians. I must press the Secretary of State to answer the questions that he has already been asked. Rather than saying that he would take account of a unanimous view of a reconstituted and properly functioning Assembly, why does he not give us an assurance that the Government will respond literally to cross-party opposition to, for example, the introduction of tuition fees in Northern Ireland, which he knows commanded the unanimous opposition of parties in Northern Ireland?

Can the Secretary of State give us an assurance that, if a reconstituted Assembly were to vote unanimously in opposition to, for example, tuition fees, the Government would repeal those fees? Similarly, can he be a bit more specific about what he means by taking account of the views of Northern Ireland politicians in a reconstituted Assembly on the profound changes proposed to the secondary system of selection? Can he assure us that, rather than simply taking account of and then ignoring the Assembly's views, the Government will act on them, even if the Government are forced to act differently in Northern Ireland from the way in which they have acted in England and Wales?

Finally, if this latest effort is to restore the Assembly properly, the Government must establish round-table and inclusive negotiations that genuinely involve all political parties. There must be no question of secret side deals, with one or two parties. Does the Secretary of State recognise therefore that, to achieve a permanent solution, all parties must be involved. Indeed, different deals with different parties undermine the talks process. If the Government want to achieve a lasting settlement, they must ensure that everyone works together, even if that is more time consuming than the quick-fix solutions that we have seen in the past. Although I have always been an optimist about the peace process, I have sometimes been a cynic about the Government's plans, because of the temptation to seek tactical answers in a strategic debate. If the Secretary of State can confirm that inclusive talks really are all-party talks and that they will be truly transparent and not involve secret, unwritten or written unilateral deals with individual parties, he can be most certainly assured of Liberal Democrat support.

Mr. Hain: I am grateful for that. I can confirm immediately that the talks will be genuinely all-party. Whatever happened in the past and whatever the arguments about that are, given the distrust that has set in over the past couple of years, we cannot proceed without all-party, inclusive negotiations. That would include the Alliance party, as well as all the other major parties in Northern Ireland.

I agree that there is still too much criminality—by loyalist paramilitaries and republican paramilitaries. That must be stopped. I find it encouraging that the leadership of both Sinn Fein and the IRA have said that they condemn it as well—the hon. Gentleman can make of that what he wishes. At least it is a positive agreement with the point of view that he was putting forward.

On education reforms, I was slightly surprised to hear an avowedly progressive party such as the Liberal Democrats standing absolutely solid by the 11-plus, as though it were the fount of all educational opportunity. The hon. Gentleman knows that we are talking about a decision on a child's future at age 10 or 11, which is taken as a result of a short test on one day, when that child's parents might have had an argument over breakfast or there might have been a riot overnight. That test can open the gate to a child's future, if they pass it, or close it shut—in some cases for good. That is not a defensible position for any progressive politician.

There has been a long period of consultation and the matter has been given much consideration. It is in the interest of parents, pupils and schools that we settle the issue to provide long-term clarity. However—this addresses the points that the hon. Gentleman and the hon. Member for Foyle (Mark Durkan) made—there are a wide range of other issues that will need to be addressed: the pupil profile, the curriculum content, the entitlement framework and so on. Those issues will all have to be the subject of subsequent orders. I hope that those decisions will be taken by the Assembly itself.

As for tuition fees, I find it surprising that the hon. Member for Montgomeryshire (Lembit Öpik) did not say where he will find the money from.

Lembit Öpik: We have already told you.

Mr. Hain: The hon. Gentleman may think that that is my responsibility, but he represents a party that has pretensions to government and yet he is not prepared to discuss the funding implications for higher education and student finance, as well as the policies themselves.

To conclude, I emphasise that the commitment to all-party inclusive talks is genuine and without reservation.

Mr. Tom Harris (Glasgow, South) (Lab): I add my voice to those who have already welcomed you back to the Chair this afternoon, Mr. Speaker. The whole House will appreciate and understand why the democratic parties in Northern Ireland do not want to trust Sinn Fein, but, in forming a coalition with the Liberal Democrats in the Scottish Parliament, the Labour party has shown that it is possible to form a working relationship with those who neither deserve nor receive our trust. Is it not about time that the Democratic Unionist party did the same?

Mr. Hain: I think that it is best if I just say to my hon. Friend, who makes his point with great eloquence and force, that Northern Ireland is Northern Ireland and Scotland is Scotland.

Mr. Peter Robinson (Belfast, East) (DUP): May I join others in saying that my colleagues and I are delighted to see you back in your place, Mr. Speaker? We are particularly pleased that you look so well.

I echo the shadow Secretary of State's comments about paragraph 10 of the Prime Minister's statement—the threat applied to Unionists should the date of 24 November not be met. That threat was crass and foolish, and is contrary to any concept of the principle of consent. I hope that the Secretary of State will make

it very clear that there will be no constitutional change as a result of the Provisional IRA not meeting the deadline that is set for 24 November.

Will the Secretary of State also find some time to take his hon. Friend the Member for Foyle (Mark Durkan) to one side and explain to him the principle of the mandate? We are living in a parliamentary democracy and, in a parliamentary democracy, the electorate can change the mandate from one election to the next. The electorate have freely, at the ballot box, made it very clear in the Unionist community that they oppose the Belfast agreement. My colleagues and I have suggested the changes required to achieve a satisfactory agreement that can win the support of the Unionist community. There is a deficiency in the Prime Minister's statement, as it does not provide a road map to show how that can come about, and the timetable does not take account of the necessary steps to bring it about.

There is another deficiency in the timetable. The Prime Minister seems to have opted for the notion that the Unionist community can be timetabled into an Executive. The issue will be determined not by the clock but according to whether various conditions have been met and whether paramilitary and criminal activity has ended. That is the critical factor for my party. We want to move into devolution, and we want an Executive in Northern Ireland, but the principle of our mandate indicates that we can only share power with those who are committed to exclusively peaceful and democratic means.

Will the Secretary of State say very clearly at the Dispatch Box that he does not expect anybody to share power in government with those who continue paramilitary and criminal activity? I remind him that the Prime Minister's statement was sandwiched between two events—the killing of Denis Donaldson, in which members of the Provisional IRA were involved, and the vodka heist in the Republic, in which members of the Provisional IRA were involved. The Unionist community wants to be certain that the provisional IRA did not organise and sanction those events.

Mr. Hain: First, I am sure that the House will join me in wishing the leader of the hon. Gentleman's party, the right hon. Member for North Antrim (Rev. Ian Paisley) a happy 80th birthday, which fell on the day of the joint statement by the Taoiseach and the Prime Minister—I do not know whether that was pre-planned by divine intervention.

May I reassure the hon. Gentleman that there are absolutely no threats to the constitutional status of Northern Ireland in the statement by the Taoiseach and the Prime Minister or in anything that I say at the Dispatch Box today? That constitutional status was decided by the people of Northern Ireland in a referendum, and it can only be changed by them in a referendum. I reiterate that that is our policy, and the policy of every good democrat in the House and outside. Nothing in that statement, and nothing that I have said today about north-south co-operation and practical matters, alters that at all, nor could it do so.

I agree that the principle of the mandate must be respected. The hon. Gentleman's party won a clear majority of the votes, and it is the largest party from Northern Ireland in this Parliament and, indeed, in the Assembly. It was elected on a platform that requires changes to the detail of the Good Friday agreement, and that is precisely what we will address when it comes to negotiating a final solution. There is no point other parties seeking to deny that, which is why I sought to address the matter in my early thoughts about the Bill. We will have to take it forward in another way if we reach the point where there is, as I hope that there will be, all-party agreement to restore the institutions, as I accept that that cannot be done without changes of the kind that we have discussed before, particularly in 2004, and that require further legislation.

On the question of paramilitary and criminal activity, the hon. Gentleman has seen the last few IMC reports, particularly the last one, which made it clear, as I said, that the IRA no longer poses a terrorist threat. The report made it clear, too, that although there are instances of localised criminality, there is no evidence that that is organised from the top. Indeed, it made it clear that criminal operations have been closed down by the organisation, which puts us on the right road. I accept that the hon. Gentleman's party is concerned about the matter. I am concerned about it too, which is why the police and the Assets Recovery Agency—this applies across the border—are pursuing those responsible for such criminality energetically. All the recent reports confirm that, whether the criminals are claimed to be republican or loyalist.

Several hon. Members *rose—*

Mr. Speaker: Before I call a Back Bencher, may I ask hon. Members to co-operate by asking the Minister only one supplementary question?

Dr. Alasdair McDonnell (Belfast, South) (SDLP): May I add my good wishes to you, Mr. Speaker, on your recovery and return? The Chair seemed a little empty in your absence, and we are very glad to have you back.

I am deeply concerned about the singular attention given by Secretary of State to the mandate of the Democratic Unionist party. The DUP has a mandate—it has about a third of the votes in Northern Ireland—and I respect it. However, my party has a mandate, too, and I would like the Secretary of State and the DUP occasionally to respect it. Other parties have a mandate. Most of all, however, the Good Friday agreement has a mandate—a bigger mandate and a more significant one than any individual political party's. It involves not just many of the political parties, but two Governments at national level and was endorsed by public referendum.

My concern also extends to the Secretary of State's reference to changing institutions. Does he believe that any of the proposed changes will make any difference? It was not issues surrounding the change of institutions that brought the agreement down, so will the changes that he proposes help us in any way to restore it?

Mr. Hain: I agree that it is not only the DUP that has a mandate; of course the SDLP has an important mandate and I listen to what that party says, too. I also agree that the Good Friday agreement has an even bigger mandate because it was endorsed by all the people of Northern Ireland and, indeed, by the people of the whole island of Ireland. The fact remains that, if a

[Mr. Hain]

party makes it clear that it requires certain changes that are important to it, and has stood on such a platform—not changes to the fundamental architecture of the Good Friday agreement, because that remains in place; all the fundamental principles remain in place—there is no point in denying that that has occurred. There is every reason to expect, plan and provide for—as I intend to do—the opportunity to make those changes, if there is a commitment by all the parties to form the necessary agreement to restore the institutions. We would have to make those changes as part of that agreement and I do not see how the hon. Gentleman could, publicly or otherwise, really disagree with that.

Sir Patrick Cormack (South Staffordshire) (Con): I wish the Secretary of State success, but does he accept that there cannot be different standards of democratic integrity in different parts of the United Kingdom? Therefore, an absolute, complete and credible repudiation of criminality on the part of Sinn Fein-IRA is fundamental to the success of what he seeks to achieve.

Mr. Hain: I agree with the hon. Gentleman's point. I pay particular attention to what he says as he is Chairman of the Select Committee on Northern Ireland Affairs. I am not an historian and I have been less close than other hon. Members to what has been said in Northern Ireland in the past, but I do not remember the IRA ever talking about republicans who have embraced criminal activity. The ethos of the IRA and republicanism was that the British state is an unacceptable intrusion in Northern Ireland, and therefore it is legitimate to do whatever is necessary to get rid of it. What the IRA has said is a significant move forward. I agree with him, the hon. Member for Aylesbury (Mr. Lidington), the deputy leader of the DUP and others that we must ensure that criminality is rooted out—absolutely.

Jeremy Corbyn (Islington, North) (Lab): Mr. Speaker, it is great to see you back and looking so splendid. I hope that you are well.

I support what the Secretary of State is trying to achieve in restoring a devolved Assembly to Northern Ireland, but is he convinced in his discussions with the DUP that that party actually wants the restoration of a devolved assembly? Is he convinced that it wants to reach an agreement? Is there not a danger of handing the DUP a veto over the whole future of the devolved process in Northern Ireland?

Mr. Hain: I do not think that there is any question of a veto. The DUP is a pro-devolution party: it has consistently said so. The issue is how to create the circumstances in which all the parties can agree. There will be no vetoes for anyone in that process.

Mr. Michael Ancram (Devizes) (Con): I, too, welcome you back to the Chair, Mr. Speaker.

I welcome the Secretary of State's undertaking that there is no question of joint authority in the case of failure to meet the November deadline. Welcome, too, is his assurance that any progress will be based on trust, not coercion. In that context, he will have heard the words in the mouths of Irish Ministers last week referring to the November deadline as a last chance saloon, thereby raising suspicion that the Irish Government would retain some sanction over the governance of the Province if the deadline were not met. Will he make it absolutely clear that the governance of Northern Ireland, which is part of the United Kingdom, will be for this Government and for this Parliament of the United Kingdom alone?

Mr. Hain: Of course, but, as the right hon. and learned Gentleman knows from his time as a Northern Ireland Minister, it is also important to co-operate as good democrats with an important neighbour across the border, the south of the island of Ireland. That is what the issue is about, and there is no question of sanctions being imposed against anybody. I have not used the phrase "last chance saloon", and the Taoiseach certainly did not use it. However, we cannot continue to have an Assembly that costs some £85 million a year and that does not meet or do its job, because that brings democracy into disrepute. That is our point, and we are giving people the opportunity to reach a conclusion, but it is a question not of sanctions, but of moving on if progress is not possible.

Kate Hoey (Vauxhall) (Lab): The Secretary of State knows that the Taoiseach held a press conference in Armagh, where he urged the Unionist parties to enter government with Sinn Fein-IRA. Will he answer the question that most men and women in the street are asking: if the Taoiseach thinks it so important and so right for the Unionist parties to enter government with Sinn Fein in Northern Ireland, why has he stated so categorically that he will have nothing to do with Sinn Fein entering government in the Republic?

Mr. Hain: The Taoiseach has answered that question himself by stating that his main disagreement with Sinn Fein in the Republic of Ireland concerns its economic policy, which he thinks would undermine all the success in the Republic.

Lady Hermon (North Down) (UUP): I am delighted to see you back in the Chair this afternoon, Mr. Speaker.

I am delighted that the Secretary of State has announced that the Assembly will be restored, but will he clarify this contradiction? He has said that he firmly believes that Northern Ireland is governed best when it is governed locally and that the people of Northern Ireland share that view and he pointed out that the Assembly will be recalled on 15 May, in less than a month. With that in mind, will he explain why the Northern Ireland Office is driving through delegated legislation this afternoon to set in stone the seven super-councils?

Mr. Hain: That is not a contradiction. The policy was decided after years of consultation and has widespread support across the business community, the voluntary sector and independent opinion, which is the basis for the change. It is important to press ahead with the order to ensure that the new boundaries are in place for the next local elections in May 2009. The order does not

address the substantive issue of the functions of the new councils—it would be very good if the Assembly were to address that—or detail the checks and balances that will apply. If would be good if the Assembly were to get on with the work on the legislation to implement the architecture of local government reform and reduce the number of councils from 26 to seven.

Andrew Mackinlay (Thurrock) (Lab): I am surprised that the Secretary of State has decided to name the new Speaker of the Northern Ireland Assembly, because surely even the humblest legislative assembly jealously safeguards its interest in choosing its own speaker. His statement was ambiguous, because he did not make it clear whether he was making a nomination, an indication of preference or an appointment. The existing standing orders of the Northern Ireland Assembly provide for the retiring Deputy Speaker, who has been re-elected, to preside at the election of the new Speaker, but will that take process place? What are the ground rules for the election of the Speaker—is it a nomination or is it an appointment?

Mr. Hain: I am doing very little different from what was decided when the Assembly was first convened. There is obviously a responsibility to ensure that somebody presides. I think that Eileen Bell is the right person to do that, and therefore she will be in the Chair on the opening day. It is open to the parties to change that decision, as it is for them to appoint deputies if they choose to do so.

Andrew Mackinlay: What about the existing standing orders?

Mr. Hain: The standing orders will need to be changed for a whole number of reasons that will become apparent when we publish the emergency Bill.

Mr. Andrew Mackay (Bracknell) (Con): While warmly supporting what the Secretary of State is endeavouring to achieve and wishing him well, may I gently put it to him that when he asks the political parties in Northern Ireland to close this chapter of mistrust, he is treating each of those parties equally? That is something of an insult to the democratic parties that are totally non-violent and it does not make his task any easier in achieving a lasting settlement.

Mr. Hain: Clearly, those parties that have consorted with or organised criminality in the past must be treated in a different way. I do not disagree with the right hon. Gentleman about that. However, the principle that I was trying to express was that Unionists need to be sure that republicans have put behind them all commitments to paramilitary activity and criminality, while republicans and nationalists—Sinn Fein and the Social and Democratic Labour party—have to be certain that Unionists will form a power-sharing Executive with them. There is trust to be built from both ends. That is what this initiative is designed to achieve, and I am grateful for the right hon. Gentleman's support for it in principle.

Dr. William McCrea (South Antrim) (DUP): I am delighted to see you in your place, Mr. Speaker.

Does not the Secretary of State surprise this House in rewriting the last Independent Monitoring Commission report, which said that the IRA is still heavily engaged in criminal activity? How can he accept, or want us to believe, that the IRA really has turned its back on criminal activity when in fact the Donaldson death and the recent criminal activity in the Irish Republic are clearly attributed to members of the Provisional IRA?

Mr. Hain: Let us see what the police say in their investigations about those two matters. As I recall, the last IMC report said that the IRA had turned its back on paramilitary activity and had closed down a series of criminal operations, but—on this I agree with the hon. Gentleman—indicated that members were still engaged in criminal activity. There was no evidence that that was organised, planned or in any way led from the centre. We are about to receive another IMC report, so let us see what it says and whether it can help to build the trust that the hon. Gentleman and his party are entitled to have and demand.

Mr. Ben Wallace (Lancaster and Wyre) (Con): I noticed that, in answering the questions asked by my hon. Friend the Member for Aylesbury (Mr. Lidington) concerning the murder of Denis Donaldson, the Secretary of State was very particular in talking about the leadership of the Provisional IRA. Does he have any information or intelligence from the police or the security services that members of the IRA were involved in that murder? If that information comes to light in the next few days or months, what will he do about it?

Mr. Hain: As I say, we will have to see what the police say when they have completed their investigations. We are fully and actively supporting the police in the Republic and our own police—who are co-operating on this matter—and our security services in trying to track down those who are responsible. When we find that out, we will obviously be prepared to acknowledge it, whoever they are.

Sammy Wilson (East Antrim) (DUP): I, too, welcome you back, Mr. Speaker. I am sure that you are very happy to be released from what I think that you described as your medical house arrest.

May I ask the Secretary of State about the contradictory message that comes from this statement? He says that the Assembly will have opportunities to prepare for government and discuss crucial issues such as education. A couple of paragraphs later, he says that he will not delay in implementing vital reforms. Indeed, we have heard today that some of those are being pushed through later this afternoon. Will he make it clear what it is to be? Is he going to put on hold those parts of Government policy, such as the education reforms, which are opposed by 62 per cent. of people in Northern Ireland, and the changes in public administration, or are we going to see a disgraceful flurry of activity as he pushes through legislation that he knows does not command widespread cross-community support and would never be accepted by a devolved Administration were one up and running in Northern Ireland?

Mr. Hain: On education, if the Assembly can reach a cross-party consensus that seeks to change in some fundamental or other way what the Government are doing, I will obviously have to listen to it. I must return a question to the hon. Gentleman: will he get involved in the serious process of beginning to build trust and share government? Without giving offence to anybody, it sometimes seems that the political debate in Northern Ireland is conducted as though the world is standing still. I have just returned from India on a trade mission for Northern Ireland. We see big companies in India, such as the Tata Group, recruiting 6,000 graduates a month in order to drive forward their competitiveness. Northern Ireland cannot stand still. In particular, we cannot stand still with an unreformed education system that palpably fails at least a third of its children. We must have reforms to have high skills for everybody. That is what the debate is about.

Mrs. Iris Robinson (Strangford) (DUP): The Secretary of State said in his statement, "Ministers will naturally be willing to take account of views on such matters, if they are provided on a cross-community basis." Can he explain what that means? Would he stake his house on the Government implementing changes recommended by the Assembly?

Mr. Hain: The statement, which the hon. Lady has just quoted back at me, made it clear that, if there was a cross-community vote, I and my ministerial team would want to take account of it on a range of issues. I hope we can achieve a situation in which such cross-community votes would be possible on all the concerns that she has, and on other matters.

Housing Act 2004 (Amendment)

4.31 pm

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I beg to move,

That leave be given to bring in a Bill to amend the Housing Act 2004 so as to repeal provisions relating to Home Information Packs.

May I say how delighted I am to see you back, Mr. Speaker? The wonders of Irn Bru, perhaps—a Glaswegian beverage, I am sure.

The purpose of the Bill is to remove section 5 of the Act, thus preventing the introduction of home information packs, which are due to come into force next June. In doing so, my Bill matches what the House demands of all ten-minute Bills—that there will be

"no charge upon the people, nor any drain upon the public purse".

My Bill will do much better. It will save the people and, more importantly, the public purse, tens of millions of wasted pounds every single year.

Home information packs are not intrinsically bad. It makes sense for anyone who wants to sell a house to have the information that buyers need readily available in advance. There is nothing to stop sellers getting local authority searches done long before anyone makes an offer. There is good reason for making comprehensive lists of fixtures and fittings. That is fairly standard. Searches and lists have to be completed before legal contracts kick in, so why not get on with it?

The trouble with home information packs, commonly known as HIPs, is that we cannot stick a For Sale board in our front garden unless we have already paid for a glossy information pack before we even start. We need not waste time ringing the man from Snipcock, Sidewinder and Winge. He is not allowed to market our des. res. unless our HIP is in order. The Government claim that HIPs will speed up house sales. Virtually all estate agents disagree and since they make money only when house sales are completed, they probably know what they are talking about.

A HIP will include local authority searches and land registry checks, which old-fashioned solicitors—there are one or two in this place—used to do, plus one or two brand-new elements, unfortunately. There is to be an energy rating for every home in the market, demanded by our friends from Europe, and a home condition report—a sort of survey that is not conducted by a surveyor, believe it or not. Needless to say, the home condition report is the most controversial element of the whole process.

Home condition reports have to be prepared by home inspectors—a new breed of instant professional invented by the Government. People may prefer their houses to be examined by a qualified surveyor with 30 years' experience—who would not? However, unless he or she chooses to take an expensive and much less rigorous course, he or she will not be permitted to prepare home condition reports.

There are currently only 30 trained home inspectors in England and Wales. By next June, the Government want to have 7,000—a tall order by anybody's standards. The Government claim that there are 4,000 in training but the true figure is much smaller. We cannot blame those who have embarked on that new

career path—they have been promised lucrative futures. The price of a home information pack is £1,000 plus VAT and every house on the market will have to have one. So that is the territory of big new money, with big new VAT returns for—guess who—the Treasury, and very big bucks for those companies that already undermine high street solicitors and chartered surveyors. Those are the guys who will really clean up, selling the pack programmes to eager new home inspectors.

Every hopeful home inspector has already parted with £3,000 to learn the basics. I have two packs with me—they are large. Every hopeful home inspector will need a good quality laptop, broadband access, annual certification costs and a public liability insurance fee, which remains unknown. Nobody can tell us how much it will be. That is the trouble with the existing legislation—too many things have yet to be settled.

Let me give an example. Lawyers pay £5,000 a year each for insurance, and, because there are 55,000 lawyers, they get a discount. It therefore stands to reason that insuring 7,000 brand-new untried home inspectors is likely to cost much more. Maybe that is one reason why there are not enough recruits. In Wales, there are so few that the scheme can hardly start. I am sure that my hon. Friend the Member for Leominster (Bill Wiggin) will testify to that absence.

The training providers are getting twitchy too. Courses are now being offered cut-price for qualified surveyors. How would we feel if we had poured our redundancy money into a costly training course only to discover that surveyors were being fast-tracked? How would we feel if we suddenly learned that there would be five completely different certification schemes instead of one? The introduction of home information packs is being made up as it goes along. There are enough moving goalposts to make Wayne Rooney dizzy.

The Government promised details of an experimental dry run by now. We assumed that they would organise it. Silly us. The dry run will be undertaken exclusively by the home information pack industry. Estate agents, lawyers and surveyors will not even be involved. As a realistic test bed of how the system might work, it is a guaranteed failure. How can one replicate the stresses and strains of the housing market if one leaves out the people who actually deal with it?

I said that I was not against home information packs—I am not. I am not even against home condition reports if they offer buyers and sellers realistic alternatives, but they do not. Let us suppose that one wants a mortgage. One cannot simply wave the home condition report at the building society. The Council of Mortgage Lenders assures me that formal valuations will still be demanded at extra cost. Let us suppose that someone is worried about the condition of an outside wall—are not we all, with Westminster Hall? A home condition report will state that it is made of brick, stone or concrete and give a basic impression of wear and tear. The problem is that it is a matter of ticking boxes—hundreds of them. Hon. Members can borrow the reports if they like. However, one is not getting a proper survey from a properly qualified surveyor. Unless the transaction is incredibly simple, one will want to get a lawyer to take a look at the home information pack. The Government are forcing on us a way of selling our houses: this is yet another charge. If this new law was meant to save anyone any money, I cannot see how that is going to happen. Perhaps it was meant to speed up house transactions and stop gazumping, but it simply will not do so. The financial evidence suggests quite the opposite.

In Denmark—the only other country to have embraced this system—home condition reports were introduced in 1996. The Deputy Prime Minister of our country says that any fall in Danish house sales was insignificant, but I asked the House of Commons Library to investigate. It obtained figures from the Danish Parliament showing a 10 per cent. fall in house sales in three years. The chief executive of Denmark's estate agents association puts the cost higher still. He says that there are 25 per cent. fewer houses now on the market as a direct result of the introduction of HIPs. Can buyers, sellers and the economy of this nation afford to risk such damage?

Yes, there are many things wrong with the existing system of buying and selling houses. And yes, as in any organisation, there are unscrupulous estate agents, just as there are—from time to time, believe it or not—dodgy politicians. But that does not stop us. What is the point of substituting an untried, untested and largely uncontrolled new regime that will end up costing everyone extra?

I would like publicly to thank one of my constituents, Mr. Nick Lacey. Mr. Lacey is an enlightened estate agent who wants to see his industry properly licensed. He has pointed out to me the pitfalls of this new law and offered the only plausible explanation for why it was introduced: prejudice against the professionals. Someone in the Office of the Deputy Prime Minister must class estate agents, lawyers and surveyors as some form of dodgy pond life, because the law that they have introduced is designed to take house sales right out of traditional hands. That is the ultimate aim. The future belongs to a new generation of Arthur Daleys, and an industry of greedy pack providers we have never even heard of. Even their own trade association admits that the structure is wide open to criticism and to cowboys. Let us stop this. Let us look again at the provisions before they come into force and ensure that they do not get through the House.

Question put and agreed to.

Bill ordered to be brought in by Mr. Ian Liddell-Grainger, Peter Bottomley, Mr. Mark Hoban, Mr. Roger Gale, Anne Milton, Angela Browning, Mr. David Wilshire, Tony Baldry, Mark Pritchard, Ann Winterton and Mrs. Eleanor Laing.

HOUSING ACT 2004 (AMENDMENT)

Mr. Ian Liddell-Grainger accordingly presented a Bill to amend the Housing Act 2004 so as to repeal provisions relating to Home Information Packs: And the same was read the First time; and ordered to be read a Second time on Friday 12 May, and to be printed [Bill 167].

Orders of the Day

Commons Bill *[Lords]*

Order for Second Reading read.

4.42 pm

The Minister for Climate Change and the Environment (Mr. Elliot Morley): I beg to move, That the Bill be now read a Second time.

The Bill will provide for the better management of common land in England and Wales. It will ensure that some of our most valued uplands, open spaces and conservation sites remain effectively protected and recorded, and overhauls the existing patchwork of antiquated controls to bring them up to 21st century standards of better regulation. I know that the general principles behind the Bill have been widely welcomed, and I pay tribute to the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for South Dorset (Jim Knight), who has done a great deal of work on the Bill.

At the core of the Bill are more than 2,000 square miles of registered common land in England and Wales, representing around 4 per cent. of our land area. Those places are fundamental to the character of our countryside. Some people might have in mind the ponies of Dartmoor, walkers will think of the high fells of the lake district, and families perhaps cherish the local common for games and walks on a Sunday afternoon. All these places are common land, and the Bill seeks to ensure that such places will be properly protected and managed for future generations. The Government have already undertaken limited legislation for common land in the Countryside and Rights of Way Act 2000, providing a general public right of access to commons. This Bill deals with other substantive issues on common land, such as their management and protection.

It might be helpful to explain what is meant by the term "common land". There is a popular misconception that common land is land owned by all of us, or even by no one—that it is, in effect, a public resource. It is not quite that simple. All common land is owned by someone, often a private landowner. Since time immemorial, however, common land has been subject to rights for certain people other than the landowner to use the land for their own benefit—for example, to graze livestock or take fallen wood for fuel. It is those rights over another person's land that make common land special.

Common land is important for many reasons. I have already spoken of the tremendous recreational resource that it provides. It also remains a fundamental part of the agricultural economy for many upland farmers, for whom commoning has been a way of life for generations. However, common land is also a crucial reservoir of biodiversity. Much of it has never been improved or enclosed, so many commons are havens for wildlife, while the absence of ploughing leaves many prehistoric remains intact.

Remarkably, around half the common land in England is designated as a site of special scientific interest. The wealth of information that we now have about both commons and SSSIs, and the action that we are taking to improve their condition, is vital to our overall work on biodiversity. We need to take action to protect biodiversity across the whole of the countryside, as well as in our most special and valuable sites.

John Bercow (Buckingham) (Con): Will the regulations provided for in clause 3(5) appertaining to the register of common land be subject to the negative procedure of the House or to its affirmative counterpart?

Mr. Morley: I will deal with those details later in my speech.

I do not need to tell the House that protecting our biodiversity is important, or that healthy, thriving and diverse ecosystems are essential to a healthy, thriving and diverse society. Biodiversity should be valued not just for its own sake but for all its benefits and opportunities—not only environmental benefits, but economic and social benefits, such as health, recreation and education.

Surveys have told us that people are more concerned about the quality of their natural environment than anything else, and biodiversity is a major part of that. Natural green spaces such as commons provide whole communities with access to recreation and a chance to experience nature at first hand. In the Cotswolds—at Minchinhampton common, for example—there is a strong sense of identity and community. The limestone downland is maintained through grazing by commons animals. Early purple orchids and cowslips can be seen there now, and later in the year there will be orchids, chalkhill blue butterflies and fritillaries. Large numbers of people visit from Stroud, Gloucester and the surrounding area, making use of local facilities and bringing many benefits to the local economy.

That all makes biodiversity an essential component of sustainable development. That is why the Government are firmly committed to achieving all our biodiversity targets for 2010, both at home and internationally. The England biodiversity strategy sets out our plans to integrate biodiversity into policy making and practice across all sectors and at all levels. We have achieved much already, including through new measures in the Natural Environment and Rural Communities Act 2006, but more is needed. We must also continue to report on and measure our progress, and to communicate and demonstrate clearly the value of biodiversity so that all its benefits can be realised.

In the context of common land, that poses a particular challenge. A lack of effective management has resulted in only 57 per cent. of SSSI commons being in good or improving condition—significantly less than the 72 per cent. of all SSSIs in similar condition. That is why the Commons Bill is one of our key tools for promoting biodiversity in this country. It will facilitate local management of commons where none has been achievable in the past, helping us to achieve our public service agreement target to get 95 per cent. of SSSIs into favourable condition by 2010.

As I have discovered, however, common land is never a straightforward subject. There is a complex web of interaction on our commons, which we must address holistically. This Bill provides for improved management and protection of commons, and brings the registration system up to date. Let me explain briefly how it works, and I will be glad to touch on the point raised by the hon. Member for Buckingham (John Bercow).

Part 1 of the Bill is about the registration of common land. It builds on the Commons Registration Act 1965, which created registers of every common and town or village green in England and Wales. Unfortunately, the 1965 Act was flawed: registration was a snapshot only, with little provision for keeping records up to date. The Bill provides for the registers to be updated, and kept that way, with provision for electronic registers.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): As one who used to practise in this area of law, I agree with the Minister that the 1965 Act was flawed. However, the proper implementation of the provisions in this welcome Bill will require some finance for local government. The problem in the past has been that there has been a Cinderella service, usually involving one man and his dog.

Mr. Morley: The Government accept that there may be financial implications, and we are prepared to put money into the start of the process, particularly for the purpose of professional skill building. I shall say more about that shortly. There will be an opportunity to rectify past mistakes relating to the 1965 Act, which have been raised by a number of organisations and people. The idea is to balance the scope to remove or add land to registers.

Part 1 also prohibits the severance of rights of common. Severance happens when rights of common attached to a farm adjoining a common are sold separately from the farm itself. That can mean that rights are exercised by people with no ties or obligations to the commoning community. It can lead to disruptive and damaging grazing practices. Our stakeholders asked us to ban severance, which we have done, but we have also listened to those who have said in another place that some local exceptions are needed. We propose to table amendments in the Standing Committee to respond to fears expressed by the Dartmoor Commoners' Council that it will not be able to exercise certain powers of a commons association. We take those fears seriously.

I can tell the hon. Member for Buckingham that the regulations for which clause 3(5) provides will be subject to negative resolution.

Clause 15 updates and clarifies the law relating to the registration of town or village greens. Greens are a vital part of our culture: they provide invaluable breathing space, right on the doorstep. The concept is ancient, but those areas remain as relevant today as they were when the locals used them for archery practice and community dancing. Yet greens are also a cause of controversy, particularly when development proposals arise. We have tried to strike a fair balance, and to provide certainty by consolidating the existing law on new registration of greens based on long use.

Significant Government amendments were tabled to clause 15 in another place, where we were told that there was a lack of clarity. We shall return to one or two of them in Committee. In the background is the high-profile greens registration case known as Trap Grounds, which was recently heard by the Judicial Committee of the other place and now awaits its ruling.

Tom Levitt (High Peak) (Lab): I support the principle of the Bill, but I should like my hon. Friend to clarify one aspect of the registration of town greens. In two cases in my constituency—in Fairfield, where planning permission exists for some social housing, and in New Mills, where planning permission exists for a magistrates court—applications for town green status have been lodged after the granting of planning permission. Clearly the purpose is not to respect and preserve the sites, but to frustrate a planning application. In both cases the development has already been delayed by several years, with no end in sight. I hope my hon. Friend can assure me that the Bill will clarify the position, and will make it less easy for town green applications to be used maliciously to frustrate the legitimate planning process.

Mr. Morley: I understand my hon. Friend's point. It is possible that people will use the Bill's provisions to frustrate developments that are important to communities, but the advantage of the Bill is that it will speed up the process, so it will not be possible to drag cases out for long periods. If my hon. Friend writes to me or to the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for South Dorset, we shall be happy to examine the cases that he mentioned, and to contact him when we have done so.

We recognise the importance of the role of commons registration authorities in delivering the objectives of part 1. That is why we announced last year—this is relevant to the question asked by my hon. Friend the Member for High Peak (Tom Levitt)—that the Department for Environment, Food and Rural Affairs was providing £100,000 to set up a professional association for commons registration officers, to help promote dialogue between local and central government on the implementation of the Bill. We will also fund the new burdens that the Bill will impose on local authorities.

A reliable registration system is key to the proper management of common land, and part 2 of the Bill is the key to that improved management. It allows the creation of commons associations with powers to manage commons locally and sustainably. Many of the benefits of common land come from its use in agriculture. It is the use of locally adapted breeds and customary practices such as hefting that has created the high landscape and biodiversity values in areas such as the Welsh and Cumbrian uplands. However, agriculture is changing. Many commons have deteriorated because of a lack of effective management. Some upland commons are being over-grazed, and under-grazing on lowland commons has led to scrubbing up and a consequent decline in their biodiversity and accessibility. However, those are not areas in which the Government can intervene easily. The Department is making common land eligible for entry into the higher level environmental stewardship scheme, as well as providing a supplement that recognises difficulties for communally managed land. However, financial incentives alone will not bring about improved management.

Commons can be managed from day to day only by those who share and have a real stake in the resource. Part 2 will recognise that, by putting in place a framework for resolving agricultural management problems on common land. It will allow the creation of local management bodies—commons associations—to manage agriculture, vegetation and the exercising of

[Mr. Morley]

common rights. Some commons are already managed through voluntary local bodies, but they lack the powers to enforce their management decisions on everyone. At the moment, just one disagreeing voice can upset the management of a whole common. The statutory powers that will be given to commons associations will overcome that by enabling them to make and enforce rules.

I should stress that a commons association will be established only with the support of those who use and manage a common. A top-down approach cannot be imposed on those with an interest in a common, and we want to work with the grain, not against it.

Paddy Tipping (Sherwood) (Lab): My hon. Friend talks about support for the new associations. How will he gauge that support? Will there have to be 100 per cent. support, or substantial support? He knows the agricultural sector as well as I do, and finding agreement on a way forward is not always easy.

Mr. Morley: Yes, I have met the odd difficult farmer, so I know what my hon. Friend is talking about. We will be looking for majority support. We will not have a situation in which one person or a minority could have a veto. However, there will have to be a way of establishing majority support. Such issues are best explored in Committee, and I know that my hon. Friend will have an interest in that.

Mr. Peter Atkinson (Hexham) (Con): In the case of a large upland common in which most interest was from those with common rights, does the Minister envisage that those people would form a substantial majority of the association, or that they would have, for example, 50 per cent. of the vote?

Mr. Morley: Obviously, I would expect people with a direct involvement in a common to have a majority, but there are many people with interests in commons. I do not think that it is unreasonable that the structure of a commons association should be modelled on successful bodies that exist now, with a range of interests represented. For example, I think that there is a veterinary surgeon on the Dartmoor Commoners Council, who can give advice on animal welfare. I am not saying that that would be needed for every single association, but there should be flexibility so that the make-up of an association reflects its local area. Again, we can explore such matters in Committee.

Bill Wiggin (Leominster) (Con): Will the Minister say a little more about the higher level stewardship scheme that he mentioned a few minutes ago? How many commons have applied for the money already? What will happen to the money? Will it go to the people with grazing rights, or a committee, and will that distort the dynamics of the management?

Mr. Morley: Few commons are in the higher level scheme, although there are one or two. There are few commons in the scheme because that requires a management agreement, which means that there must be grazing at a certain stocking density, or specific kinds of management. Such an agreement thus requires the support of the majority of commoners on meeting the obligations of the agreement.

At the moment, there is no way of enforcing any agreement on the common. Many commoners would like to be in the higher level scheme, but they have not been able to join it because they have not been able to reach their side of the legally binding agreement on the management of the land. Under the Bill, the commons association will be able to agree the rules, apply them and meet its obligations under the terms of the agri-environment schemes. It will also be able to share the income out according to a formula that it decides. The Bill will give commons associations the power to enter into such arrangements and decide how they are going to share out the income, as they cannot do at present. That is one of the advantages of the Bill, as I know from talking to commoners and from my days of dealing with agri-environment schemes.

Mr. David Drew (Stroud) (Lab/Co-op): Is my hon. Friend envisaging some democratic representation on commons associations? Parish councils, in particular, often take responsibility for commons. My hon. Friend mentioned Minchinhampton, and I hope to talk more about that later. However, organisations mentioned in the Bill, such as the National Trust, have management responsibilities but are not always thought well of by those who have conflicting responsibilities. How will the associations evolve? Those are key issues.

Mr. Morley: They are important issues. Generally speaking, we would expect the associations to be elected so that they represent the interests of the groups for which they speak. We do not want to be too prescriptive at this stage, because different circumstances apply in different parts of the country, and the make-up of the associations may also need to be different. However, we want the systems to be democratic, open and transparent, and I know that my hon. Friend will lead on such details in Committee.

The Bill also deals with controls over works and fencing on common land. For 80 years, we have had a consent regime under the Law of Property Act 1925. It was recognised even then that commons required special protection to keep them open, unspoilt and accessible. That approach remains as relevant and necessary as ever—perhaps more so in this modern world. But the fact that commons are unique and warrant that extra protection does not mean that the system is perfect.

We have listened extensively to those who have said that the consent regime is at times unnecessarily slow and bureaucratic. The controls must be proportionate to the impact of proposed works. The Bill will enable us to modernise and streamline the system so that it is truly fit for purpose in the 21st century.

Students of section 194 of the 1925 Act will find much in part 3 of the Bill familiar. But in consolidating the existing controls into the Bill, we have done our best to iron out inconsistencies and provide clarity. We also aim to resolve situations in which works that might make sense on a common were completely prohibited by the existing management rules on certain commons.

There was considerable debate in the other place about whether minor works should be excluded from the consent regime. The reality is that enforcement

against works with no material effect on access is extremely unlikely. But we have taken powers in the Bill to prescribe works that ought to be exempted from the consenting regime, and we will consult on the use of this power.

There were also strong views in the other place about who may take enforcement action against unlawful works on commons. The Bill will allow any person to ask the court to enforce against future unlawful works on commons. This is our response to arguments that those currently entitled to seek court action often fail to do so.

Part 3 of the Bill also re-enacts existing powers for local authorities to protect common land with no known owner. We shall also bring forward some minor amendments in Standing Committee to ensure that local authorities' existing powers to make management schemes for unclaimed common land remain relevant and up to date.

Paddy Tipping: My hon. Friend has just reaffirmed that the Bill provides that people can apply to the county court in respect of future unlawful works. I think that the date mentioned in the Bill is 28 January 2005. However, the Countryside and Rights of Way Act 2000—the CROW Act—puts in place many obstacles to access, especially with regard to fences erected before that date. There is a clear conflict between that legislation and this Bill: how will it be resolved?

Mr. Morley: I am not sure that there is a conflict. My hon. Friend asks an important question, although the date in question is actually June 2005. The new power allows any individual to bring a court case over illegal activities on commons carried out from that date, although local authorities will still be able to act in respect of activities carried out before it. I hope that I can reassure my hon. Friend that that date should not be taken as the cut-off for legal action. We want to strike the appropriate balance with a significant new power to deal with illegal activities on commons, but that balance will, of course, be open to debate in Standing Committee.

Finally, I commend the scrutiny of the Bill in the other place, where it was the subject of a good and constructive debate. I followed closely the progress of the common land forum, many of whose recommendations are included in the Bill. In that forum, the question of access was very controversial, but it has been dealt with by the CROW Act and so does not affect the debate on this Bill.

The Bill is mainly about putting in place the sensible management and registration provisions that a wide range of stakeholders and organisations with a common interest in ensuring the proper, effective and sustainable management of our common land have been requesting for many years. The Bill gives us the necessary powers to do that, and I commend it to the House.

5.7 pm

Mr. James Paice (South-East Cambridgeshire) (Con): As the Minister said, this Bill has already been given the technical scrutiny that we expect of the other place. That is to be welcomed, as is the Bill in general. It is not a matter of great partisanship, as legislation in respect of common land commands wide support in the House.

The attitude of hon. Members to the matter of commons and greens will be influenced by their experiences. Traditionally, my own county of Cambridgeshire has relatively small commons, which are generally attached to local communities and usually cover an area of no more than 50 acres. Some of them have been covered by their own Acts of Parliament for many hundreds of years, but the Minister was right to point out that, conversely, commons elsewhere in England and Wales might cover many thousands of acres, with various different owners of the rights to grazing, pannage, turbary or estover.

The Minister was also right to say that about 3 per cent. of the land in England, and 8 per cent. of the land in Wales, is common land, covering a little over 500,000 hectares. However, 80 per cent. of land is privately owned, with almost half coming under the sites of special scientific interest designation. The Opposition entirely agree with the Government's desire further to enhance and protect our common land.

The Bill will have far-reaching effects. It is largely about remedying the deficiencies of the Commons Registration Act 1965, which was introduced by a previous Labour Government. However, given that the very first Act in respect of common land was passed in 1235, I doubt that this Bill will be the last word on the matter—especially as the Government, I regret to say, are ducking some of the most serious weaknesses arising from the 1965 Act.

We support the improvement of environmental conditions of common land and agree with encouraging sustainable management practice through the introduction of regulatory bodies, but the Government are addressing the problem of over-grazing on common land a bit late. It was the introduction of the single payment scheme last year that reduced farmers' incentives to increase their herd and flock sizes, and I hope that commons associations, Natural England, the Countryside Council for Wales and others do not have the problem of trying to deal with under-grazing, to which the Minister referred, as well as the over-grazing that has been a problem in the past. In principle, we agree that greater collective action is a welcome move towards achieving improved environmental and agricultural management. The Minister touched on the fact that the success of the Dartmoor commoners council is testimony to that.

The first part of the Bill deals with the registration of common land and with town and village greens. According to the explanatory notes:

"This replaces and improves the registration system under the 1965 Act, but using the same registers prepared under that Act."

We are concerned that there are known to be many deficiencies in the existing registers, which the Bill does not provide an opportunity to remedy. They particularly relate to the number of registered rights, which the Bill does nothing to tackle. There are numerous examples: for example, grazing rights may have been claimed that were significantly in excess of those traditionally attached to the land through the old system of levancy and couchancy.

It would be absurd not to understand the Government's reluctance to enter into what we all know to be a minefield, and I understand that there are also human rights concerns. However, I suggest that where

[Mr. James Paice]

there are obvious cases of deception, there cannot be any fair claim on human rights grounds. For example, I know of a common in my constituency where rights were claimed and registered by a person whose property had never previously had any such rights. If the Bill is to prove durable, it should enable people sensitively and sensibly to challenge previous rights.

The Bill prohibits severance of the rights of common, with the exceptions applying to commons associations, Natural England and CCW. I wholly support the principle of ending severance, but I question the logic of severed land being handed to Natural England and the others. While the intention may be that they do not use the rights, thereby dealing with over-grazing, there is nevertheless nothing in the Bill to stop them using them, perhaps becoming graziers themselves, or possibly cutting peat, catching fish or harvesting bracken. That could mean all those bodies having more rights over common land than are currently held by established voluntary commons and statutory commons associations.

I heard what the Minister said about the Dartmoor commoners council and the amendments that will be proposed. I have had discussions with the council over its concerns. Perhaps the Minister will tell us whether the Bill will result in a fair situation for the Dartmoor commoners council. In particular, will it let the council continue to hold the rights of registration, creation and severance that it holds under the present legislation? Other commons associations also deliver benefits for people on lands that are well managed for agricultural, environmental and public benefits, and I hope that they, too, can be dealt with under the amendments.

There is also a question why Natural England and the other organisations should need the rights that come from severance. If associations are to be responsible for ensuring that commons are not over-grazed or in other ways exploited, it should surely be to those associations that the severed rights are granted. Alternatively, they could revert to the owner of the dominant tenement.

Clause 13 deals with surrender and extinguishment and correctly ends the practice of common law extinguishing rights, but in doing so disposes of certain circumstances where extinguishment might be desirable. For example, rights in gross created by severance at some previous time in history that may have been abandoned, especially after passing through a few generations, would be an ideal way of reducing the total number of over-grazing rights. However, that opportunity would be lost under the Bill. It seems contradictory to use human rights as an excuse for not removing rights that were either fraudulently obtained or have been abandoned, while clause 15 of the same Bill would confiscate land from a private owner by allowing it to be registered as a green and, in effect, to become worthless. Where are the human rights in that example?

The Minister and the hon. Member for High Peak (Tom Levitt), who has left the Chamber, said that the provisions largely repeat those in existing legislation, notably the 1965 Act, but there are serious concerns that for land claiming village green status they have become increasingly relaxed. Opponents to new developments can argue that land should be registered as a village green if they can prove that local inhabitants have indulged in so-called lawful sports and pastimes for at least 20 years. I have great regard for the Minister, but he may not have taken on board the seriousness with which that issue is viewed not only by his hon. Friend but in several parts of the country.

As long ago as 18 January, on Third Reading in another place, my noble Friend Lady Byford referred to case studies where the 20-year use rule—for example, simply for walking dogs—had been employed by activists opposed to housing proposals to enforce the registration as a village green of land that few reasonable people would consider as such. Lord Bach responded:

> "I agree with everything that the noble Baroness has just said. Perhaps I may say to the noble Baroness, Lady Byford, that we will study the details of her remarks and that I shall write to her."—[*Official Report, House of Lords*, 18 January 2006; Vol. 677, c. 686.]

I understand that no response has yet been received by Lady Byford. Perhaps tonight the Minister will take the opportunity to elaborate on behalf of his noble Friend.

It seems that such housing developments are not isolated cases. My hon. Friend the Member for North Shropshire (Mr. Paterson) is dealing with a similar case in his constituency where a small number of local individuals opposed to the development of a health village on reclamation land proved that they had used the land for lawful pastimes for 20 years, thus qualifying it to be registered as a town green. Fortunately, the court ruled against the application for registration and building work restarted, but there is concern that the Bill could allow the case to be reopened, which would further delay the building of that much-needed community facility. Will the Government consider how to address that issue? Can the Minister tell us whether the Department has made any assessment of the amount of land eligible under the 20-year rule?

In addition to that, the creation and registration of rights will apply only to those commons registered under the 1965 Act, through Natural England and the CCW. To gain such rights, commons associations set up outside that Act and voluntary commons associations will be required to register under the Bill, which will be a time-consuming and costly process. Will the Minister tell the House how many commons associations outside the Act there are, and will he assure us that the advantages of registering outweigh the monetary cost of registration and the administrative burden that will fall on those associations? Would not it be more suitable to allow existing voluntary commons associations to remain operating as they are, while becoming part of a larger statutory organisation? Such an umbrella structure could provide democratic discussion and ruling at local level, with a more central administrative control. Moreover, it would create a better national framework for sharing information and promoting good advice. Have the Government considered a point of contact in DEFRA or another part of the Government so that the various commons associations have a central database? I do not mean a literal database, but somebody with the knowledge to provide advice and co-ordination, and develop expertise within the Department and deliver it to all the commons associations. There seems to be general agreement that the 1965 Act has not been entirely successful. I wonder

whether the Minister can tell the House exactly how many commons and green are still in dispute. Do we know what are the chief disputes?

On the Government's plans to establish electronic registers, I welcome the Minister's commitment to provide funding. I hope that another Department's funding is not cut accordingly, which is, of course, what usually happens on such occasions. Nevertheless, I am somewhat concerned about the establishment of an electronic register, given the Department's track record. We only have to go back a few years to the cattle tracing scheme that was introduced following the 2001 outbreak of foot and mouth disease or the mapping exercise following the CROW Act—the Countryside and Rights of Way Act 2000—to find that problems surround such schemes. Of course, none of us needs reminding of the current debacle at the Rural Payments Agency. So I hope that the Minister can tell the House how much the proposed commons register will cost to establish and maintain. Will he assure us that the scheme will be more successful than the Department's previous computer projects?

In England, the commons registration authorities are largely county councils, with some district councils and unitary authorities. Do the Government know whether councils and authorities have adequate staff, with the necessary qualifications and experience; or will recruitment and training be required? That issue is one not just of funding, but of having competent staff.

The objective of part 2 is to enable the appropriate national authority to establish commons associations, thus enabling commoners to work together to manage agricultural activities and vegetation on a voluntary basis. The Bill will allow commons associations to enter into agri-environmental schemes, which, of course, we welcome. However, it is essential that such associations truly represent those with interests in the common. I listened with interest to the exchanges on the matter that the Minister had with Members on both sides of the House. It is important that such organisations are formed not just of a small group of people who can create an association to exercise power over others, possibly to their detriment. I hope that the Minister can tell the House a little more about the composition of associations and particularly whether a minimum level of support will be needed to establish a commons association.

Moreover, what will be the relationship between such commons associations and those who may have leased other rights from the landowner? The Minister made the perfectly proper point that most commons are privately owned. The owner may well have leased other rights, such as sporting rights, to third parties. What will be the relationship between the holders of such rights and a commons association? Obviously, the association's role may well impinge on the holder of sporting rights and, of course, vice versa.

Part 3, which deals with protection of commons from unlawful works, is entirely welcome, as the Minister implied. Of course, such works can include building or the erection of fences on common land. Of course in many areas, such as my constituency, they can involve the incursion of unlawful Traveller encampments. So measures to protect common land from such works and to speed the process are, of course, welcome, but I am concerned about whether the minimum additional regulatory burden will be placed on the commoners who want to achieve that aim. The Minister said that the Government plan to introduce exemptions from the necessary consent process, but I should be grateful if the Minister gave us a little more information. In particular, what will happen if the owner of rights wishes to erect temporary fencing, perhaps to reintroduce grazing on a common or to keep stock out of an especially sensitive part of a common?

Open commons with roads going through them—I have examples in my constituency—were fine when there was a small amount of fairly slow-moving traffic, but there is a problem given the increasing amount of traffic nowadays. People can stand on some of our commons and watch cars and motor bikes going through at 50 mph plus—perhaps they should not travel at that speed, but they do—and many people will not risk either their stock or the likelihood of a legal case by allowing their stock to cross open roads. Fencing is becoming more and more important. I hope that the Government will consider either an exemption or some sort of fast-tracking of inconsequential works so that only the more significant proposals have to go through the full process.

Finally, I am concerned that, yet again, in the Bill Ministers are taking immense powers to repeal other legislation—in this case, under clauses 36 and 44. In particular, the National Trust has raised the issue that its own Acts could be repealed or amended by virtue of a Minister giving commons associations powers that supersede those of the National Trust. I know that the Minister is aware of that important issue and I hope that he will reconsider it in Committee.

As I have said, and as I am sure will come through in the debate, there is clearly broad support for the Bill. The Conservatives strongly support it, but there is scope for improvement. Like the Minister, I pay tribute to the immense work done in the other place, but there are still a few things to resolve and there is still some clarity to be achieved. My experience of the Minister who will take the Bill through Committee is that he is open to good suggestions and sensible ideas and I look forward to that consideration and to making improvements to some of the areas that I have touched on. I welcome the Bill. It is a sensible measure that brings commons legislation up to date and improves some of the shortcomings of the previous legislation. I regret that it does not improve all of them, but we will seek to amend it in Committee.

5.26 pm

Paddy Tipping (Sherwood) (Lab): It is already clear that we are talking about an area of the law and of policy that is archaic, highly technical and very complicated. The Bill is a useful vehicle to take the discussion forward. It has been a long time coming and there has been a lot of background work on it.

The Bill is important in two significant ways. First, it helps the Government to meet their own target of getting 95 per cent. of sites of special scientific interest in a favourable condition by 2010. That is an important aim in itself. It is particularly important in relation to national parks. For example, a third of England's common land is in Cumbria and the Lake district has a high density of village greens. Secondly, the Bill facilitates common structures and organisational changes. Common holders can come together on a statutory basis to bring about change and apply for agri-environment benefits.

[Paddy Tipping]

I am not entirely sure whether those processes—those organisational changes in the Bill—will be a driver for change as much as the new agri-environment schemes will be. The way in which we pay our farmers is changing significantly. The importance of mid-term review and the switch from payments for subsidies on production to payments for public good has been undervalued and under-recognised. However, the trend seen in the changes will continue. It seems inevitable to me that a fixed common agricultural policy budget, new accession states and a review of the CAP, which is promised for 2008, will bring about a major change in the way in which we support and pay farmers. If we are moving in that direction, and that is the right direction, we need to ensure that all new legislation—the Bill included—takes account of the wider public benefit and not just the private benefit to farmers and landowners.

As I said, this is a highly technical Bill and I pay credit to the Minister's officials, who have worked extremely hard on it. Throughout the country, there is recognition of the way in which the Bill team and officials have gone out and listened to different views and tried to find consensus, which has not always been easy. This is a good example of a Bill that has been improved because the Department was prepared to listen to views in the field. As has been said, the Bill was subject to substantial scrutiny in the other place. A great deal of expertise has been brought to bear on it and many amendments were made. Nevertheless, the Bill should have been published in draft and subject to pre-legislative scrutiny, as it is an ambitious task to introduce it and make changes during its progress through Parliament. I accept the Minister's desire to make progress and take an available legislative slot, but if ever a Bill needed detailed scrutiny, this is such a measure.

Justine Greening (Putney) (Con): The hon. Gentleman has made a valid point, as a labyrinth of legal measures surrounds the issue. Putney and Wimbledon commons in my constituency are covered by measures on urban commons introduced in 1925. We must be careful that we understand all the Bill's ramifications, so he has made a very good point.

Paddy Tipping: Let me make a confession. I am not sure that I understand all the Bill's ramifications, but I have learned rapidly and I expect that a number of issues will be discussed in Committee, as the Minister suggested. It is a fundamental principle of mine, however, that complicated, technical Bills should be subject to pre-legislative scrutiny. I accept that Ministers in the Department wanted to take advantage of the opportunity offered by an unforeseen legislative slot, but that is not necessarily the best way forward.

Mr. Llwyd: I agree, but is the hon. Gentleman surprised that the programme motion says that proceedings on the Bill must be completed by next Thursday?

Paddy Tipping: I am surprised but, as I hope to serve in Committee, I am pleased as well. I am confident that a range of issues need to be probed and scrutinised in Committee, and we have already heard examples of such issues on Second Reading.

The hon. Gentleman leads me on to the royal commission report that was published in 1958 and eventually led to the introduction of the Commons Registration Act 1965. That was the first leg of work after the royal commission report. The second leg was the CROW Act, which provided rights of access over common land. The Bill is the third leg: it is right to concentrate on management and biodiversity, but it has taken us almost 50 years since the royal commission report to complete the legislative process.

I am particularly keen on clause 15, which has been discussed this evening. I want to see more village greens. We are currently awaiting a judgment from the Lords on the Trap Grounds case, which has cast the law into turmoil. If people make an application after usage for a number of years, it is not acceptable for the land owner, on learning of that application, to stop it because they object to it. However, the Court of Appeal decided that it was acceptable, so I am delighted that the Bill overcomes that hurdle. Village greens are important for a range of recreational and social reasons.

I am particularly keen to have a village green at Keenwell in Calverton. Local people have come together and submitted an application to create a new village green in an area that has been used informally for more than 20 years. The site has historical connections, but it needs to be improved, and there are plans in Calverton to try to do so. That site is next to Dark lane—an evocative name and a traditional right of way through to the south of the village. There are plans to develop the western side of Dark lane for housing and to bring an access road through Keenwell. Clearly, different interests are at play here, but it is important that when an area has been in legitimate use over many years, applications to develop it should be considered very carefully. No planning application has yet been made in respect of Dark lane. I hope that Gedling borough council, which has to deal with the application, will wait for the outcome of the application for village green status at Keenwell. I have met the council and it is familiar with the argument: I hope that it will wait for the legislation to come through and then make a balanced consideration about the need for housing as against the need to enhance the environment in Calverton.

People feel strongly about their recreational spaces and their common land. In the city of Nottingham, people really appreciate the 130 acres of allotted recreation grounds. They have been laid out in three miles of public walks and five public parks or recreation grounds. Mrs. June Perry has corresponded with the Department about the issue. She wanted to know the status of allotted recreation grounds and wrote to the Department in February. Unfortunately, she has received no response, but she wants to see the allotted recreation grounds on the commons register. She says in her letter:

"It seems to me to be a strange anomaly that Allotted Recreation Grounds, which have been covered by all the Commons Acts since 1845, have not been placed automatically on the Register of Commons and Town and Village Greens."

She goes on to acknowledge that it is a complicated area, but she suggests that

"all that is needed to register an Allotted Recreation Ground should be authenticated copies of the relevant parts of the original documents."

By mentioning Mrs. Perry and her desire and drive to improve recreation and informal spaces right in the centre of Nottingham, I hope that we will be able to make some progress on the case that she makes.

At the heart of the Bill, as we have already heard, is the notion of commons associations. I hope that they will provide a real mechanism to manage and improve common land. Some already exist in a voluntary form. It is vital, however, not just to pass the legislation and put the process in place, but to go out and promote the commons associations. It has already been suggested that, because of costs and administrative burdens, some voluntary associations will be reluctant to make that step change. It is easy for us to pass legislation without fully considering the steps necessary to create the new commons associations. It is relatively easy to see how large commons could be managed this way, but many of our commons are small and fragmented pieces of land and the new sort of association does not fit so easily there. There has been talk of joining up these pieces of common land, perhaps on a county basis, but unless there is real commitment from the people involved in those land holdings, that may be difficult to achieve. The issue requires further thought and consideration.

Assuming that support and finance for the new commons associations is available, one of the key issues to consider, as my hon. Friend the Member for Stroud (Mr. Drew) has already said, is who should be on them. Should it just be the commoners, or are there other bodies that can bring expertise to the association—for example, the National Trust and the national parks have got a lot of resources? If we are offering finance and support, we must bear in mind the need to deliver wider public goods and, possibly, to involve other stakeholders in the association.

I assume that the term, "member", in clause 30 includes all registered commoners. If a new association is set up, it seems to me that all commoners with grazing rights should be part of it. The Minister has already alluded to the provision in clause 30 on elections to the association, and perhaps he will bring us up to speed with the thinking on what membership of an association means either in his reply or in Committee. He will also be aware of the suggestion that statutory commons associations might better be termed statutory commons committees in order to distinguish them from existing bodies.

This is a good Bill, but it could be improved and strengthened. I accept that it should be possible to deregister commons, but I am concerned about the provision in clause 16 that it may not be necessary to exchange comparative land for commons of less than 200 sq m. Many commons are small, and, they will be eaten away piecemeal unless we are careful. Again, I look forward to the debate on replacing deregistered common land on small commons.

As the Minister has said, clause 45 deals with the powers of local authorities, which are permissive powers rather than duties. There has been some discussion in the Chamber this evening whether local authorities have got the resources to pursue such matters, and I suspect that issues connected with common land will be relatively low on the agenda for many hard-pressed local authorities. Some commons have no record of ownership, and there is a strong case to argue, as the royal commission has done, that local authorities should have the power to have that land vested in them, so that they can make the necessary improvements.

A survey of commons has been undertaken in my area, Nottinghamshire, and it found that many of them are fragmented and piecemeal. Of the 74 commons surveyed, 11 are totally encroached upon, eight are partially encroached upon and seven are neglected, which reinforces the case for local authorities to take common land, to have it vested in them and to improve it.

Mr. Drew: My hon. Friend has discussed the wonderful notion of devolution to the appropriate authority, which surely includes a role for parish and town councils rather than district and country councils. Does he agree that parish and town councils are likely to have the greatest interest vested in them, because such matters are germane to their immediate localities?

Paddy Tipping: I certainly agree with that. I believe that the local environment is extremely important to local people and that the more we can localise decision making around relatively small pieces of land, the more issues can be identified and resolved. I very much look forward to town and parish councils having greater responsibilities and powers.

I want to return to a matter on which I intervened on the Minister earlier—the cut-off date of 28 June 2005 for unlawful works. I am delighted to be told that that does not apply to local authorities. However, I know from direct experience that large areas of land where the public have a right to roam freely under the CROW Act are fenced off. I seek assurances that the 28 June cut-off date will not prevent action on that. It would be a travesty if the monumental piece of legislation that delivered the right to roam were to be frustrated.

On making an application to a county court as regards obstruction, I am not entirely clear what powers the court will have. I presume that if the order is not complied with, there can be a reapplication for a breach. Under rights of way legislation, magistrates courts have the power to fine. Highways authorities now have the opportunity to come and remove obstructions. What are the powers of the county court if unlawful restrictions are not removed?

Mr. Llwyd: I think that I can help the hon. Gentleman. A court would have an inherent power to apply a fine and/or to imprison for a breach of its own order.

Paddy Tipping: I am grateful for that advice and look forward to the Minister making the Government's position clearer.

I am conscious that I have highlighted a whole range of aspects of the Bill that can be strengthened and improved, but I want to reinforce the fact that it is a good piece of legislation that builds on the royal commission's work, with registration, access, and now biodiversity.

There is a view in the countryside that the countryside should never change—that it should be preserved in aspic. That cannot be right. The countryside needs to change to survive. A changing, working countryside is a

[Paddy Tipping]

healthy countryside. I am pleased that the Bill is a piece of revising legislation that will enable change to take place. What is important for the countryside is not that change should take place, but the scope, scale and timetable of that change.

5.48 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): At this stage in a debate on agricultural matters, I usually draw the House's attention to my entry in the Register of Members' Interests. On this occasion, I do not believe that I have an interest to declare. Having scrutinised the register of common rights, I can find no mention of the dominant tenement that I occupy. I therefore presume that I have no common rights—nor, as I understand it, am I likely to be able to acquire new common rights under the Bill.

Commons are a relic of the old manorial system of land tenure. It is not surprising that it is a complex subject, because the history goes back a very long way and people have huge attachment to their common rights and to any commons on which they exercise them.

Liberal Democrats will support the Bill because we believe that town and village greens are important for the communities in which they are situated and provide them with opportunities to exercise and to enjoy pastimes. Unfortunately, such greens are often encroached upon. We welcome the powers in the Bill to ensure that that does not continue. We recognise the importance of commons, particularly to agriculture and to remote farming communities whose common rights are the backbone of their business. Without those rights, the business would often not survive. Commoners are fiercely possessive of their rights and their commons, and know them well. In many families those rights go back generations and the attachment is great.

Because of the huge size of commons, many of the activities that take place there are co-operative. Farmers come together to gather sheep or to shepherd, which builds up a feeling of community and togetherness. In Wales, as I am sure the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) will agree, the Welsh language is an important part of those activities and contributes to the feeling of being Welsh and being part of the agricultural community.

It has been pointed out that commons represent a not insignificant amount of land in both England and Wales—about 3 per cent. in England and 8 per cent. in Wales. It is important for us to understand how that land is to be managed and how it can be best organised for the benefit of the people who have rights and ownership. Of the 540,000 hectares of common land in England and Wales, almost 70,000 hectares are situated in Brecon and Radnorshire, so in my constituency I have about 12 per cent. of all the common land in England and Wales.

When I spent an interesting couple of years as chairman of the Brecon Beacons national park, I got to know commoners and their common land well. One issue that is often raised is overgrazing. I know areas where overgrazing takes place, but it is not to the benefit of anybody. It is not beneficial to farmers, whose stock does not flourish, or to biodiversity, to the appearance of the landscape or to the people who want to enjoy it for recreational purposes. A far bigger danger will be undergrazing, particularly as a result of the reform of the common agricultural policy. I hope that one outcome of the Bill will be the development of management techniques to overcome undergrazing, which threatens our common land. Common land is important for agriculture, recreation, nature conservation, landscape and archaeology. The Bill provides a way forward for management plans to protect all those aspects.

There are one or two omissions from the Bill. We are disappointed that the commons commissioners are abolished by the Bill. They did excellent work following the Commons Registration Act 1965, and although there has been criticism of that Act and of some of the inaccuracies and associated difficulties, much good work was done and the commissioners became proficient and knowledgeable about commons and the related legislation.

Mr. Llwyd: I agree entirely with the hon. Gentleman's comments and I appeared many times in tribunals. The main flaw of the 1965 Act is that, when mistakes were made, it was a devil of a job to rectify them without, for example, an application to the High Court, which was beyond most people's means.

Mr. Williams: Indeed. As the hon. Gentleman says, the main difficulty was to rectify mistakes. That was a complaint not about the commissioners, who were implementing the legislation, but about the legislation itself. The Bill will ensure that some matters, such as severance, attachment, creation and variation, can be addressed by commons registration authorities. I am not clear how those issues will be determined, mostly by county councils, but in some cases by district councils, and in Wales by unitary authorities. Does the Minister anticipate that decisions will be taken by officers of the authority or by elected members, or will there always have to be an independent inquiry to determine applications, to give both applicants and objectors confidence that the process is conducted in an entirely appropriate manner?

If there are to be numerous local inquiries, we will need a body of people who have the necessary commitment and expertise to decide those matters. When statutory commons associations are set up, the Bill provides that, if there is an objection, there should be a local inquiry. My noble Friends in the other place suggested the creation of commons inspectors for that purpose. It seems that there will be considerable work for them to do.

There is no reference in the Bill to the huge contribution that commons could make to food production. Last week, the Government's chief scientific adviser, David King, warned that an increase of 3° C in global temperature could mean that 400 million would go hungry. The present Government have been more cavalier in their disregard for food security than almost any British Government for the past 100 years. In the 1920s and 1930s, Governments believed that we could raid the global larder, so to speak, and buy food from wherever we wanted to satisfy our needs. That was confounded by the second world war and the destruction of shipping.

Town and village greens were dug up and turned into allotments in the "Dig for Victory" campaigns, and the commons were ploughed, especially in our area, where

Llandefalle common and Hay Bluff were ploughed up to provide potatoes and corn for the country. In an emergency, that might have to happen again. Such activities took place under emergency powers during the war, and perhaps the Bill should provide for such a possibility in future.

We welcome the opportunity to rectify some mistakes that were made under the previous registration system, but we are concerned about the provisions for common land to be exchanged—for instance, when it is compulsorily purchased for road building. The land for which it is exchanged should be contiguous with the original common. Commoners often complain that the land for which it is exchanged is so remote from the existing common or is divided from the common by a fenced main road that it is of little use to the commoners for stock grazing.

The most important aspect of the Bill is the powers given to national authorities to set up statutory commons associations. We welcome that, because in many cases commons have been unable to make use of grants through environmental schemes, as it has not been possible to get the agreement of every commoner on that common. However, the Bill is unclear about who might initiate the formation of a statutory commons association. I presume that it could be the people with common rights, local authorities, national authorities or organisations with interests in conservation. Will the Minister state whom he believes will initiate the process? Given commoners' sensitivity, the method of electing commoners' representatives to the associations' management boards could be a difficult matter.

The Bill mentions elections. Would inactive graziers have the same rights as active graziers? If a dominant tenement was owned by a sole trader, would that constitute one vote? If it was owned by a partnership, would that constitute two votes? If one person had more than one dominant tenement on a common, would there be a vote for each dominant tenement? Would the size of the vote vary with that of the registration? For example, would someone who was registered for 100 sheep have fewer votes than someone who was registered for 5,000? The Minister would be well advised to resolve the matter before the Bill becomes law because establishing statutory commons associations could flounder on it.

If statutory commons associations have the power to order the management of commons, and it meant a reduction of commoners' rights in order to comply with a specific environmental scheme, that might be all right for commoners who agreed with entry into the scheme, but if an individual commoner did not agree, what would be the effect on his human rights of the reduction of his grazing rights without his agreement? The Bill does not mention that human rights aspect. Will the Minister comment on that?

We welcome the protection of village and town greens and commons. The repeal of the Law of Property Act 1925 is a good step forward. However, several commoners complain to me that planning authorities give planning permission for developments on commons without informing the applicants that they should have applied under the 1925 legislation. When planning authorities receive planning applications for a common, they should be required to inform the national authority, or possibly to put a condition precedent on the planning permission, if it is issued, requiring the applicant to make the proper application to the national authority. If the planning permission is granted, it could mean injustice for those who value the common or the green. It would be much better if the Bill included a process to ensure that applicants made a proper approach to the national authority.

I agree with the comments of the hon. Member for Sherwood (Paddy Tipping) on requiring a person who is responsible for illegal developments on commons simply to take down or remove the development is an insufficient punishment. People should be deterred from taking illegal action by some sort of penalty, if appropriate. I bow to the legal knowledge of the hon. Member for Meirionnydd Nant Conwy on that. The point has been made to me on several occasions.

The Bill is welcome but it has taken a long time to arrive. The 1965 Act gave us registration and we were told that the second tranche would quickly follow. It is 35 years late, but welcome, although much damage has been done.

Bill Wiggin: Forty-one years.

Mr. Williams: I allowed six years to achieve the registration—I believed that that was a reasonable time. However, thirty-five years later, we have no way of ensuring that commons are managed properly. Much of the damage to the sites of special scientific interest has been done in that time.

Although we support the Bill, we shall make suggestions in Committee about ways in which it can be improved so that commoners can be engaged more fully and have the confidence that their interests will be taken into account and that the commons that they have loved and on which they have worked for so long will not be taken over by somebody with a different vision from theirs. In most cases—I would say 90 per cent.—the commoners' interests encompass not only agriculture but conservation. We want to encourage sensible commoners who are committed to that work to have the opportunity to do it.

6.6 pm

Mr. Paul Truswell (Pudsey) (Lab): I appreciate that Second Reading debates are supposed to take a panoramic view of proposed legislation, and I shall therefore begin by saying that I welcome all the Bill's provisions.

However, I make no apology for now becoming more specific and parochial. I want to examine whether the Bill will assist with town green applications that have already been submitted, as well as those to be made in future. I shall concentrate on an application for an area called Yeadon Banks in my constituency. If applications such as the Yeadon Banks proposal for registration are successful, they will benefit from the range of measures in the Bill.

Yeadon Banks comprises three fields in the town of Yeadon in my constituency. Leeds city council owns two and the other is in private ownership. Local people greatly value the area, for the reasons that other hon. Members have cited when considering commons. Until the 1990s the whole of Yeadon Banks was in the green belt. Then came the Conservative Government's lengthy, byzantine and expensive unitary development

[Mr. Paul Truswell]

plan process. There was no problem with the two city council-owned fields remaining in the green belt. However, at the public inquiry into the unitary development plan, the owners of the private field successfully appealed against their field remaining in the green belt. It therefore became a protected area of search. That meant that the field would be reconsidered for possible housing development when the UDP came up for review.

The review took place from the end of 2004 to early 2005. The owners of the field were unsuccessful in their appeal to have the land designated for housing, so it remained a protected area of search. Its future is therefore uncertain. The people of Yeadon want to retain that cherished area of green space. The idea that it should be buried under bricks and mortar for the simple pursuit of profit by developers is repugnant to them. Is it such a bad thing for communities, such as Yeadon in my constituency, to attempt to use the registration process to protect a valuable green jewel from the developers' bulldozers? That is the background to the application.

After the original removal of the land from the green belt, local residents and I explored the possibility of getting the whole of Yeadon Banks—all three fields—designated as a town green. It appeared to fulfil the criteria. It had been used for generations—indeed, throughout living memory—for various relevant recreational purposes. No one can remember any "Keep Out" signs or other restrictions on public access. No one had been challenged or given express permission to use the area. Local people had used it, to all intents and purposes, as of right, without force, without secrecy and without permission—to cite the legal jargon.

I have worked closely with local residents on this issue, and following several well-attended public meetings we formed a community group called Keep Yeadon Banks Green—or KEYBAG, as it came to be known. With assistance from the Open Spaces Society, and in particular its esteemed local legal adviser, Jerry Pearlman, we began to put together an application for designation.

At this point, I must pay tribute to the chair of KEYBAG, Doug Jones. He has been tireless in his work, and played a huge role in collecting statements of evidence from residents, drawing up maps and filling in application forms. He has done all this while caring for his seriously ill wife and suffering from a protracted period of ill health himself. He is truly a local hero. This is relevant not because I want to eulogise Doug, but because I want to touch on some of the points that have already been raised in the debate. The work involved in the application has fallen on a few volunteers, and it is much more time-consuming than anyone might assume, especially if significant numbers of statements of evidence need to be collected in order to put forward the most cogent possible application for designation.

There are immense legal complexities involved. They are not quite beyond the lay person, but they are incredibly arcane and we have needed time and assistance to get to grips with them. For that reason, among others, I would ask my hon. Friend the Minister to reject the advice of those who seek to restrict the limits relating to land being closed off to the community and applications being submitted. That is the other side of the coin to that described by my hon. Friend the Member for High Peak (Tom Levitt) and by the hon. Member for South-East Cambridgeshire (Mr. Paice).

Eventually, in July 2004, Doug and I had the pleasure of presenting our application to the council. We had no illusions about the difficulties involved. We realised that many applications fail, for any number of reasons. However, we did not expect our application to run aground as a result of the so-called Trap Grounds Appeal Court judgment of February 2005. That judgment effectively gives landowners an absolute block on applications for town greens. All they have to do is erect fences and "Keep Out" signs between the date of the application being submitted and the day on which the case is heard, as has been done on Yeadon Banks and in many other locations throughout the country. Under the Trap Grounds judgment, terminating access in that way before an application is heard automatically defeats it. That is obviously nonsense, and is clearly completely contrary to the intention of the Commons Registration Act 1965.

The community was devastated by that action by the landowners. I would not go so far as to say that the residents of Yeadon took to the streets, but many were moved to demonstrate in palpable terms what they thought of the landowners, the fences and the "Keep Out" signs. It felt a bit like the local team getting to the cup final, only to turn up at the ground and find that the gates had been locked and that someone had put up "Keep Out" signs and threatened that if the players insisted on playing the game, victory would be awarded to the other side. This is why clause 15 is so welcome to so many communities throughout the country, not just to those living in the vicinity of Yeadon Banks. It will not make applications any stronger, but it will give applicants something approaching a level playing field, and the ability to have the evidence properly weighed.

I am delighted that the Government have taken this initiative. They could have waited for the outcome of the appeal to the Lords on the Trap Grounds case that was heard at the end of last month. They could also have considered making regulations under the existing legislation. However, they have seized the issue and recognised the legal loophole—the black hole, as I would call it—and are tackling the matter with primary legislation that I hope will restore the status quo.

I realise that my hon. Friend the Minister cannot comment on individual applications, for a whole host of reasons. My purpose is simply to flag up the issue of applications that were left in limbo by the Trap Grounds judgment, including that involving Yeadon Banks. There are a number of scenarios for applications in that state of limbo. Rather than rehearsing them now, as my hon. Friend has not had an adequate opportunity to seek advice that would enable him to respond in a considered way, I should like to meet him and his officials at the earliest opportunity to discuss them. I would welcome a commitment from him that he is prepared to do that.

6.14 pm

Mr. Peter Atkinson (Hexham) (Con): I should like to say to the hon. Member for Pudsey (Mr. Truswell) that one of the problems involved in using the town green

method of trying to obstruct or prevent a development on a particular site is that more and more landowners who have allowed a certain amount of informal use of a piece of waste land will be far more reluctant to do so. One of the reasons why we have a planning process is precisely to deal with such situations. I appreciate that he has a problem in his constituency—we all have problems from time to time—but he should be very careful about encouraging people to use the town green clause, as it were, as a way of blocking a planning development. In the north, such developments often involve much-needed social housing.

Mr. Truswell: The hon. Gentleman uses loaded words such as "obstruct", but the people of Yeadon Banks and their counterparts up and down the country would not recognise that concept. They would use the word "protect", because they are trying to protect a facility, an open space, that people have been using for generations.

Mr. Atkinson: I hear what the hon. Gentleman says. No doubt his constituents will read about his remarks in their local paper with great interest.

The Bill has proceeded through the other place, including its Committee stage there, to this House with a great deal of consensus. The Minister has been very willing to listen to all our remarks as he deals with this nightmarishly complex piece of legislation. It is sad, therefore, that having gone through all this, we are now faced with an outrageous programme motion. We know perfectly well that some amendments will need to be tabled in Committee. How on earth can the Committee deal with these complex matters by Thursday 27 April? That is an outrageous abuse of the programming system.

Before the programming system was introduced, the Opposition had the weapon of delay to wring concessions from the Government. This Bill would have provided a wonderful opportunity to prolong debate to win a number of concessions. I know that my hon. Friend the Member for West Chelmsford (Mr. Burns), who is sitting on our Front Bench, was, in his day, a great master of speaking long and hard on certain issues in order to get concessions out of the Government. Given the provisions of the Bill, we could have spent at least an hour on turbary, a further hour on estovers and possibly even more on couchancy—although I am not sure whether my Norman French pronunciation is quite correct there. The Bill would have provided wonderful opportunities for delay, as well as for those who are interested in the arcane areas of common land law.

Mr. Llwyd: I wonder why the hon. Gentleman has left out rights of pescary.

Mr. Atkinson: That was remiss of me. That subject could also have taken up a fair amount of time in Committee. These are much-loved common rights that date back to the Norman conquest.

My hon. Friend the Member for South-East Cambridgeshire (Mr. Paice) mentioned the first commons Act, which was passed in the reign of Edward I in 1285. That must be one of the oldest Acts of Parliament remaining on the statute book, and if this Bill passes into law it will abolish it, so I want to pay a passing tribute to that old piece of legislation. My hon. Friend was right to say that the problems in 1285 were very similar to those that exist today, with which the Bill is trying to deal. The Act of 1285 says that there was concern among those who owned the common land and put up hedges or dug ditches that

"some by Night, or at another Season, when they suppose not to be espied, do overthrow the Hedge or Dyke".

In those days, too, landowners were worried about vandalism to their property, and the Act was introduced, in part, to deal with that.

I hope that the Bill will be more successful than the previous legislation on these matters. There is no doubt that some of the unintended consequences that have flowed from previous legislation—not least the Law of Property Act 1922, which abolished the old feudal right of copyhold—are the reason why we are debating this Bill tonight. That was an important right, because it meant that all those with common rights over a piece of ground were listed in the manorial roll. They also had a copy of that manorial roll, which enabled people to know exactly who was entitled to what common rights. That was abolished, and considerable doubt has existed ever since about who owns particular rights in relation to particular commons.

As we have heard, the 1965 Act left a lot of doubt about the ownership of commons and common rights, and the amount of grazing rights that various commoners had. As a result of the 1965 Act, many rights that were unclear and had been more or less lost in the mists of time were hopelessly exaggerated, and many more farmers than were entitled to do so claimed the right to graze sheep on a piece of land. That is reflected now in the single farm payment, which is based on historic rights. If those historic rights were based on the wrong figures, either accidentally or deliberately, other farmers on the common might not get the payment to which they were entitled, and the money might go to another farmer who might not be entitled to it.

Despite what I have said, I welcome the Bill, as it will make a difference and clear up several anomalies, not least in my constituency. In one case in my constituency, somebody's drive was apparently listed as common land a number of years ago. In another, somebody had bought an existing house that apparently, unknown to anybody, was built on common land—at the time of the registration in 1965, no one noticed that so there was no appeal against it. Of course there was no way in which the couple living in that house could unlock themselves from the situation. I hope that the Bill will at least resolve that problem.

There is no doubt that there are many problems with commons. As my hon. Friend the Member for South-East Cambridgeshire said, the nature of those problems depends on where one comes from. In commons in the south of England, under-grazing has often been the problem. Having lived for many years in East Anglia, I know that some of its commons have become completely overgrown because nobody there grazes sheep any more, or cuts bracken for bedding. Commons in the north, however, such as some of the big north Pennines commons in my constituency, have been over-grazed. If one looks at the landscape, one sees that where there is a moor that is managed for grouse, a fence, and

[Mr. Atkinson]

then a moor that is not managed for grouse, there is purple heather on one side of the fence and white grass on the other. That is a stark example of how over-grazing can cause deterioration in management. I do not know whether that will continue. We have not yet seen the full effects of the single farm payment, but now that subsidies are not production-driven, there seems to be a tendency towards under-grazing on some upland commons. People will take cattle off those upland commons, and grazing cattle and sheep is important in maintaining proper biodiversity.

The Minister should also address the management of commons in any amendments about erecting and taking down fences. One of the difficulties is that when many flocks were slaughtered during the foot and mouth epidemic in my constituency and other areas in the north, hefted flocks were destroyed—flocks that have lived on a particular piece of ground for generations. That ground has been repopulated with new sheep, which do not have the tradition of hefting. Those sheep wander all over the place.

For example, on Allendale common, one of the biggest commons in my constituency of well over 20 square miles, the commoners—or stintholders, as they are called—put up a 3 km fence to manage the movement of sheep better, because some individual sheep were travelling 20 or 30 miles from where they should have been. Farmers were driving up and down collecting odd sheep that had turned up as far away as Weardale over the border into Durham. They have now been told to take the fence down, as they did not have the correct permission to erect it on common land. That is an example of how unsympathetic officialdom can make life difficult for commoners.

On the point made by the hon. Member for Sherwood (Paddy Tipping) about access, the fact that there is a fence does not mean that there is not access. It simply means that people must go through a gate or climb over a stile. In view of the changing circumstances of management, fences should be allowed without the long protracted process of consent, which can cause considerable expense and waste a great deal of time. A more sympathetic form of management would make an important contribution.

In the handling of severance of common rights and the reallocation of rights, commons associations should have greater flexibility than the Bill allows them. In different scenarios on different commons, severance of rights can be important, but reallocation of rights should not necessarily be on the pro rata basis stipulated in the Bill. No doubt the Minister has read the explanatory memorandum on the subject.

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jim Knight) *indicated assent.*

Mr. Atkinson: Of course he has. The official who wrote the explanatory memorandum deserves credit, as it is a clear and interesting document. It gives an example of a piece of one farm being sold off for housing development—not on common land but where the owners had rights to graze on common land—which could have ended up, had the rights been halved, with one farmer having 50 per cent. of the grazing rights, and 50 individual house plots having the grazing right of, say, one sheep each. Of course those householders will never exercise that right, which will remove sheep from the area. If the commons association could intervene, it could award the 50 grazing units given to new householders to the farmer or other farmers who had access to the common, so that the grazing regime could be properly maintained.

When I have inquired in the past what the balance should be between commoners, stintholders, farmers or other interests on the commons association, I have been told, as the Minister of State said earlier, that he had no scenario in mind for who should be in the majority. One can imagine a conflict between the owner of a grouse moor, the leaseholder of the shooting rights and those interested in nature conservation. Those issues can be difficult, and it is important that commons associations know exactly where the priorities lie. The composition of commons associations is a recipe for considerable conflict of interest.

I want to reinforce the concerns expressed by the National Trust, because an important point of principle arises. I understand that many commons are subject to different and various Acts of Parliament, and that we need to be able to change those without the scrutiny of the House. However, the National Trust owns a huge amount of common land—about 10 per cent. of the total in England and Wales—and for the National Trust Act 1971 to be amended by regulation in relation to commons associations is wrong. The National Trust Act should not be changed without proper scrutiny by the House.

I am sad to end on the sour note that there will not be proper time to debate the Bill in Committee. Apart from that, however, I welcome the Bill, and I am grateful to the Minister for listening to representations previously made to him.

6.28 pm

Mr. David Drew (Stroud) (Lab/Co-op): I am delighted to take part in the debate on Second Reading. I congratulate the hon. Member for Hexham (Mr. Atkinson) on bringing a slight note of disagreement to the proceedings. So far, there has been a rather mushy compromise, with a level of consensus that perhaps this place does well to achieve on occasions. I want to take a slightly more robust approach to the defence of our commons, which matter to me.

I am in the fortuitous position of having a large number of commons in my constituency. My hon. Friend the Minister of State mentioned one of them in his opening remarks—Minchinhampton, about which he spoke in glowing terms. He referred to biodiversity and people coming from Gloucester and Stroud to visit it. I thought that we would hear about the warm beer and the maids riding to church, so glowing were his comments.

Commons and common land are not exempt from controversy, however. I think that it behoves those of us who look at history to bear in mind the basis on which land has been allotted, and also the fact that, for what I consider to be dishonourable reasons, there has been an attempt to brush it under the carpet rather than

defending it. It is deeply ironic that the other place spent five days in a Grand Committee and two days on Second Reading, Report and Third Reading—stages that we will no doubt handle as well—given that the predecessors of those peers stole common land from people. It is wonderful that the other place can spend all that time on detailed consideration, but some of us feel that the Commons, which contains the representatives of the commoners, is the place that should uphold the right of every person to have access to the land and use it purposefully.

David Taylor (North-West Leicestershire) (Lab/Co-op) *rose—*

Mr. Drew: I am sure that my hon. Friend has something enthusiastic to say.

David Taylor: Is it not somewhat ironic that those peers of bygone times have been replaced by peers of modern times who, instead of stealing land from the people, steal state schools from the people for a pittance of £2 million?

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Gentleman might want to rethink what he has just said.

Mr. Drew: I will not go down that path, Madam Deputy Speaker, although I am sure it would be interesting. I will, however, take my hon. Friend back to the age of the Diggers and the Levellers. The Diggers in particular fought to maintain common land. In those days, in the mid-17th century, three fifths of land was common land; now the proportion is 3 per cent. The remaining land has gone somewhere. In fact, it has gone into private ownership—and 80 per cent. of the 3 per cent. is now privately owned. We are hardly talking about the legacy that many of us would like to see, involving rights of access and use. The maintaining and enhancing of democratic accountability has not been a great success story.

Mr. Roger Williams: Although I supported the Countryside and Rights of Way Act 2000, I saw no evidence that access to common land had ever been denied. I understood that people had de facto access, even if they did not have legal access. I tried to explain to farmers that people would not get off their sofas and stop watching television just to walk on common land because they had been given the legal right to do so.

Mr. Drew: I understand what the hon. Gentleman is saying. I am merely saying that there should be more common land, because by right that land is common. We have found numerous ways of taking it away from people in the past. I see the Bill as an opportunity to rebalance the way in which we can grant not just access but rights in perpetuity, so that people can use the land meaningfully.

I will not dwell on history for too long, but those who do not wish to consider the mid-17th century should refer to the late 19th century. Those of us who know a bit about rural socialism will be aware that the Clarion group encouraged people to cycle out of the urban centres. People would often go to the commons, because the land was available to them. More recently, there was the great Kinder Scout trespass. That was all about what I would like to see: not a division between town and countryside, but the nexus that really exists. As many earlier generations were driven from the countryside, people want to revisit it now. They want to know that they have rights to do that, and that those rights are enshrined in statute. The hon. Member for Brecon and Radnorshire (Mr. Williams) spoke of the voluntary aspect—the way in which we British tend to compromise and to be tolerant, but tolerance goes only so far on occasion. We see dreadful legal disputes over who owns what, and who has the right of access.

The Bill provides valuable opportunities for us to return to some of the issues that I have raised. I am fortunate in that my constituency contains not just Minchinhampton common, but Selsley, Edge, Amberley, Painswick and Stinchcombe commons. It used to contain a common called Eastcombe, but that is now a major housing estate. I met a wonderful lady, whose name escapes me for the moment, who spent many years investigating what had happened to that common. The developers continued to develop it without giving a second thought to the nature of the land, and there was no recourse for anyone else. Those who think that such land is sacrosanct and cannot be taken away are somewhat naive.

In general this is a good Bill, but I want to draw attention to some of the dividing lines. As was pointed out by my hon. Friend the Member for Sherwood (Paddy Tipping) and by the Minister, this is the third part of the tripod. We had the legs in the form of the CROW Act and the seat in the form of the NERC Bill. This Bill bolts the tripod together: without statutory underpinning of the way in which commons, and village greens in particular, are allowed to operate, the whole system is meaningless.

It is welcome that the new organisation, Natural England, will undertake many of the detailed responsibilities. I hope that it will indeed be a new organisation, rather than a rebadged version of English Nature, and that it will do genuinely interesting things. As my hon. Friend the Member for Sherwood pointed out, the requirements for biodiversity and protection of SSSIs are absolute commitments made by the Government. If the Government do not meet those commitments, the Opposition or anyone else will have every right to beat the Government. They have set themselves onerous tasks, but they must perform those tasks.

It is a pity that the right hon. Member for Bracknell (Mr. Mackay) is not present today, because he has done sterling work. At the time of the NERC Bill, he raised the question of easements. It just happens that for some years Minchinhampton has been a source of great disagreement between those who, for what they would term a long period, have had vehicular access to the common and across it, and the National Trust, which is responsible for management of the common. I hope that the NERC Bill has lain to rest the dreadful issue of easements. It is a dreadful issue because I wish I understood it. It is very complicated, and whenever people explain it to me it seems to change and become even more complicated and confrontational. Nevertheless, I hope that it has been laid to rest. I hope

[Mr. Drew]

that it is clear that age-old rights will be maintained, and will not be removed for apparently unfair, money-raising reasons.

As for the question of maintenance, we could talk about over-grazing and under-grazing, but I am more interested in how we can make common land fit for purpose. Everyone accepts that common land must be managed: it does not manage itself, which is why the National Trust has taken responsibility for many commons. It has become the managing agent, although there are controversial issues relating to the curtailment of some of its responsibilities in the Bill. I should like maintenance and management to be appropriate to the time in which we live. As some legislation demonstrates, some people wish further to denude common ownership by putting all land into some form of private ownership. I should like to see an opening up, with responsibility given to representative bodies in areas where commons exist—usually parish and town councils.

I link that directly to the question of the commons associations. Whether we call the bodies commons associations or commons councils, I want them to be genuinely democratic, and that will be one of the tests for the Government. I want those who are responsible for commons to have a voice in the way in which their management is taken forward. That will not be easy because we must consider not only agricultural interests, but golf clubs, cricket clubs and hand gliding clubs, all of which use common land in my area alone. Such clubs might have a view, so they might wish to have a voice. The way in which they are incorporated in the process will be a test. Given that the Minister said that the arrangements would be ad hoc, we will have to work that out. Perhaps there will be new localism in action, but someone will have to give the matter serious thought.

I would not want to exclude in any way the political voice of democratically elected representatives. Those people are important because they can have an overview and examine the way in which things should be done in a wide sphere, unlike people with a self-interest, or who wish to pursue a specific interest.

David Taylor: Is it not possible that trying to widen the scope of those whose views must be sought might run directly contrary to the underpinning aspiration of part 3 of streamlining the consent system on works and fencing? Many landowning conservation organisations such as the Woodland Trust have entirely admirable objectives that should be supported, but have been frustrated time and again when trying to carry out work that is entirely consistent with the Government's aims on the sustainable management of common areas. Would not those organisations find that their work was impeded if the democratic group to which my hon. Friend refers was widened?

Mr. Drew: I agree. That is why we need a properly democratically accountable body that can look out for such interests. The changing nature of common land throughout history has not yet been brought out in the debate. Some such land could be reforested, so it is important that those who know something about that form part of a decision-making process to protect an area. My hon. Friend's point is entirely correct and laudable and I hope that the Minister will respond to it in due course.

Given that we are talking about the new agriculture and will, perhaps, re-extensify some parts of our agricultural land because we do not need the same intensity, we must understand the opportunities that can be created for the use of common land. I hope that that will be examined seriously when considering the single farm payment. We could, dare I say, see action through real joined-up thinking and joined-up government. We could consider not just the use of the land, but who uses it. A community agriculture group in my constituency wishes to develop, on a semi-voluntary basis, new forms of organic agriculture. It is always looking for land to take on, so why should it be excluded from accessing such land that could be made available? The Government should make smart moves to be inclusive and examine the way in which common land is made available to those who can use it purposefully. Those people would be accountable and could introduce new forms of agriculture and use the grant system in the most beneficial way. If common land is to be cultivated, I hope that we can think creatively about using it in such a way. I accept that we wish to protect many parts of common land and use them in a way that is as minimalist as possible, but sometimes we will want to maximise the use of land for agriculture and employment.

I hope that I speak for others, including my hon. Friend the Member for Sherwood, when I tell the Minister that I hope that in the time that we will have in Committee, which will not be great, we will be able to come up with an amendment that sets out a proactive approach on village greens. I heard what my hon. Friend the Member for Pudsey (Mr. Truswell) said, and the Bill would be the right place for such a provision, so I hope that the Minister will think about the proposal positively. The existing process is long-winded, negative and entirely against communities that wish not only to find a piece of land, but genuinely to protect land that should be a village green—land that is a village green in all but name and statute. Why can we not use the Bill as a way to consolidate the process? We do not want a rash of new applications, but the matter is important. As my hon. Friend the Member for Pudsey said when he spoke lyrically about his area, there is a danger that people will take the opportunity to shut down the right and proper use of such land.

I hope that we will examine carefully several of the proposals made by the Open Spaces Society, which has altruistically done more than anyone to defend open land that is for common use. Several of the society's suggestions are controversial, but it is generally supportive of the Government's approach and says that that is long overdue. I hope that we will look at the suggestions purposefully and make the Bill a measure of which we can all feel a bit proud, even if some of us think that it is a bit late in coming and could have been even more radical.

6.46 pm

Mr. Philip Dunne (Ludlow) (Con): I remind the House of my declaration of interests. I am a partner in a farming business that holds modest ownership rights,

and slightly more substantial grazing rights, over common land. That means that I have some knowledge of which I speak.

I am pleased that there has been such consensus across the House, notwithstanding the remarks made by the hon. Member for Stroud (Mr. Drew). The debate is important because common land raises considerable concerns among many of our constituents who have historical rights that go back many generations. In the county of Shropshire, which I represent in part, there are more than 5,000 hectares of common land in 86 registered commons. The county council that monitors the commons anticipates that there is a substantially larger amount of unregistered land and is trying to pull together various interests. The Bill is designed to put right several of the deficiencies of the Commons Registration Act 1965.

I am extremely relieved that the Minister has decided that the most appropriate registration body is the local authority, rather than his Department. I say that for several reasons, not least of which is the performance of the Rural Payments Agency, which his Department supervises, on the mapping and registration of agricultural land throughout the country. With your permission, Madam Deputy Speaker, because it has some relevance to the debate, I will cite a letter that I received from the agency shortly before the recess—on 28 March. The letter was about the form that I was invited to complete for my 2006 single farm payment. It said:

"Your application form has been pre-populated with the number of entitlements that were notified to you on your un-validated entitlements statement."

It led me to think that there might be some data included on the form, but it was not until I got to the eighth page of zero information that I reached part D, which was on common land grazing rights. I was pleased to see that there was notification on the form that I was entitled to graze 43.3 cattle and 720 sheep on common land. As it happens, I cannot reconcile those figures with any of mine, which shows that the entire form is gobbledegook. It is a great relief that Shropshire county council will be responsible in future.

I have spoken to the registration officer, who has some concerns about taking on that onerous task, not least because of the resources that will be required to manage common land—in particular, the cost of installing digital mapping. I share his concerns about the potential for confusion and conflict between the Rural Payments Agency and the common land registrar in each local authority. I hope that they will be able to match up the two different systems. I urge the Minister to address in Committee how that will be done in practice, because few MPs and even fewer people outside the House have much confidence in the Government's management of IT projects.

I was relieved that the Minister confirmed that funding would be made available to the registration authorities. I hope that it will be sufficient to cope with the extra burden.

I wish to address three aspects of the Bill, which have been touched on already today. Concerns have been expressed about the definition of village greens and open spaces that is set out in clause 15. Several hon. Members have referred to the Trap Grounds case that is going through the other place—the decision is awaited—and I am pleased that the Bill will provide clarity for all those concerned to establish ownership of village greens. In common with other hon. Members who have spoken, I welcome that.

However, some concerns arise from the Government's changing views on the matter and I take slight issue with the comment made by the hon. Member for Stroud about the potentially conflicting rights of those seeking to obstruct or gain access to land, as opposed to those who have ownership rights over the land. The issue has been addressed throughout the long period of debate over common lands and I hope that the Government will consider introducing in Committee similar protections for those who have ownership rights, as laid out in section 31 of the Highways Act 1980.

There would be a precedent for such a move. In the discussions that took place during the public consultation in February 2000, Ministers recognised that such protection for landowners' interests would be appropriate. In particular, the "Common Land Policy Statement 2002", issued by the Department for Environment, Food and Rural Affairs, stated, in relation to future legislation:

"There would, however, be a similar provision to that under Section 31 of the Highways Act 1980 concerning rights of way, so that a land owner could give notice that it is not his or her intention that the land should become a permanent town or village green".

That has been referred to in the other place in debates on the Bill over the past year. The concern is that by providing a mere notice in the relevant place, it could give rise to vexatious or frustrating action on the part of those who have ownership rights. My hon. Friend the Member for Hexham (Mr. Atkinson) effectively countered that argument by making the point that it could also prevent any new land from being opened up for public access, for fear that over time it would be turned into a formal village green, with all the implications that that would have for the landowners.

I have a particular, slightly unusual case in my constituency, which relates to land owned by a charitable trust set up by the Church. The land is known as Glebe land and it is in the village of Clun. It has been owned by the Church for centuries and people in the village have had full public access to it on a permissive basis for much of that time. However, it is now potentially subject to sale, and there is considerable scope for conflict between the public who use the land and the Church. Far be it from me to get in the middle of that battle, but the issue appears incapable of resolution other than through the result of the Trap Grounds case or if the Bill included a similar provision to section 31 of the Highways Act 1980, as I have just mentioned. I ask the Minister to consider that proposal in Committee. The Church has had many lands confiscated over many centuries, since Henry VIII started the process, and this is not the right time to deny its property rights.

Clause 27 addresses the role of commons associations and in particular their establishments. I have concerns that the drafting of clause 27(4) means that the appropriate national authority will have to be satisfied that substantial support exists for the making of an order for a commons association. I have examples in my constituency of existing commons associations that have a management agreement with English Nature. I met the Stiperstones Commoners Association last week,

[Mr. Philip Dunne]

which looks after an area of nearly 1,000 acres, 700 of which are registered and 300 are unregistered. It has a management agreement with English Nature, under which it is essentially told what to do. The association has very little negotiating right on behalf of its three commons rights holders, who are small farmers in their own right. My concern is that if the appropriate national authority determines that an organisation should be set up with a dominant state entity as a party to it, that entity may call the shots, which may not necessarily be right. How will the national authority determine "substantial support" when there is a limited pool of existing rights holders? Will it be opened up to everybody who lives in the area surrounding the common? People will want to retain access rights to travel across the common, but they may not wish to exercise grazing rights.

Another example is the Long Mynd, a well known landmark in my constituency. I am told by English Nature that shortly after the 1965 Act, more than 26,000 people registered rights on that common, which comprises some 2,000 hectares. That was clearly a massive exaggeration of rights and I hope that the Bill will put that right.

There is no easy answer to these issues. The examples are so diverse, even in an area as similar as within a few miles of Shropshire hills.

Mr. Drew: My problem is the distinction between grazing rights, whose holders will presumably be active members of whatever organisation manages the common, and more distant rights, such as that of access. The difficulty is achieving the balance between the two. For example, those holding grazing rights are seriously under-represented and they do not seem to wish to come forward. How can we resolve that?

Mr. Dunne: It is very difficult to say what farming activity should take place in areas where it is no longer economically viable. It may be attractive to have an entity such as English Nature enter into management agreements in areas such as the hon. Gentleman mentioned. In the Stiperstones area, the graziers used to get what I would call proper payment from DEFRA's predecessor, the Ministry for Agriculture, Fisheries and Food. However, the payment that they receive now is about to make grazing in the area uneconomic, even though it is part of environmental support and so deserves reward.

My final point has to do with clause 31 and the management of common land, which I am not convinced is always best determined by a bureaucratic entity. Commoners in the Stiperstones area tell me that the land management practised by English Nature means that opportunities for grazing have fallen significantly over recent years, with the result that the land can no longer support the number of animals for which rights have existed for many decades. In part, that is a result of the management agreement entered into by English Nature, which does not consider grazing to be a priority. It has a different objective, and wants to create environmental attractions for walkers and those who pursue other leisure activities.

That gives rise to a conflict: whose rights should prevail? My fear is that small graziers, whose voice is relatively small, will be steamrollered by the bureaucrats. I hope that the registration process and the relevant management agreements will allow appeals to be mounted. So far, however, I have seen no evidence that such mechanisms will be included.

In conclusion, our agricultural sector, and the livestock industry in particular, faces difficult times. Our common lands cover large areas of some constituencies, and we must not set up a management system that weakens the possibility of a viable livestock industry in those areas. Any such system should encourage that industry.

7.3 pm

Mrs. Madeleine Moon (Bridgend) (Lab): As many speakers have said, this Bill is a historic piece of legislation, linking us with the Norman conquest of Britain and the manorial system. Village greens and commons are part of our historical and natural heritage, and are valued for reasons of agriculture, recreation, landscape and nature conservation.

There is a long history in this House of legislation relating to commons and village greens, but the Bill shows what happens when we fail to take account of the effect that measures can have once enacted. We need it to rectify the failures of the Commons Registration Act 1965, but we must ensure that any failures in this Bill do not take so long to put right.

The Bill's provenance is worth setting out in detail. An interdepartmental working group made recommendations in 1977 and the common land forum of 1984 reported in 1986. A consultation on the better management of common land in England and Wales led to the 2000 rural White Paper and the common land policy group set up by DEFRA and the Welsh Assembly in 2002 published a statement in 2003. All of that was needed to rectify failures in the 1965 Act.

Many speakers have identified those failures and the need to ensure that the Bill drives forward to achieving the Government's target of having 95 per cent. of SSSIs in England in a favourable condition by 2010. Common land covers 4 per cent. of land in England and 55 per cent. of commons are registered as SSSIs, but only half those sites meet their public service agreement targets.

In Wales, between 8 and 9 per cent. of land is common land: 45 per cent. of that total comes under the SSSI designation, but only 16 per cent. of those sites have management agreements. I questioned the Countryside Council for Wales and was told that the targets in the Wales environment strategy action plan to be released in May will be lower than their equivalents in England. Where 95 per cent. of SSSIs in England are set to be in a favourable condition by 2010, the target in Wales is to have 95 per cent. of SSSIs in favourable condition or in unfavourable recovery by that date.

Mr. Llwyd: May I suggest an answer to that conundrum? Much land in England has fallen out of agricultural use, but the CAP system meant that, in Wales, an impetus was given to increasing stocking. That is the reason behind the problem that the hon. Lady has described.

Mrs. Moon: I thank the hon. Gentleman, but I remain concerned that, in Wales, the target is to have 100 per

cent. of SSSIs in favourable condition only by 2026. The landscape of Wales is as important and valuable for biodiversity as England's. I do not want England to be ahead of Wales in the protection of anything, but especially not our national heritage. I am sure that he agrees with that. I hope that the relevant Ministers, in Wales and in England, will take part in close consultations and work side by side to protect our natural heritage. Biodiversity targets should apply across the UK and we must ensure that they are met.

I want to focus on a common in my constituency because it highlights the critical importance of commons in meeting biodiversity targets. Kenfig down was given to the local burgesses by Thomas le Dispenser in 1397, in compensation for land lost to sand encroachment. In the 1920s, Colonel H. Morrey Salmon, an amateur naturalist, established the Kenfig sand dunes as a wildlife resource of outstanding significance for its birds and plants. The rare fen orchid was especially important in that context.

Kenfig appeared in a list of 19 proposed British nature reserves that was produced in 1943. That shows that, even in the depths of war, we were planning for the future of nature reserves. In 1947, it was recommended that 1,500 acres should form a national nature reserve. Sadly, the Margam steel works was expanded soon afterwards and the population of two local villages, Pyle and Cornelli, grew. The increasing pressure from those communities meant that Kenfig did not become a nature reserve.

My hon. Friend the Member for Stroud (Mr. Drew) spoke about the loss of common land. Kenfig did not get the protection that NNR status would have conferred, and the consequences were dire. In the 1950s, a pipeline was laid across the sand dunes to provide an emergency water supply from its 70-acre freshwater pool—the largest natural pool in Wales—for the Margam steel works. A large railway yard was built in the north-east of the site, and a road was built behind the dunes to enable the deep port at Port Talbot to be established.

With the spread of tourism, there were suggestions that the whole of the dunes would be flattened for a holiday village. It was, even then, the last extensive remaining part of the sand dune system that had previously stretched from the Ogmore river to the end of Gower. It was the only area not covered by housing, industrial sites or caravan parks and the Margam estate claimed the land. That led to an extensive court case between the trustees, who held the commoners' rights, and the estate. It was not settled until 1971. Fortunately, the settlement went in favour of the commoners and not the Margam estate. That enabled Colonel Salmon, supported by county Councillor Ted Davies, to fight for Kenfig to become a local nature reserve, which it did in 1978. It made it to national reserve status in 1989 and was designated a European site for nature conservation in 1995.It is worth noting that, since the establishment of the reserve, the water pipe has been removed and the haul road scarified, promoting the creation of a whole new habitat. Generations of people will have cause to thank Colonel Salmon and Councillor Davies.

Let me give an example of the importance that just one common in Wales has to biodiversity and hitting our important targets. Kenfig alone has 525 species of plant, 19 species of fern, 69 species of fungi, 509 species of moth, 24 species of butterfly, 16 species of dragon and damsel flies, six species of leech, 54 species of snail, 195 species of beetle, 950 species of fly—I was surprised to discover that—113 species of spider, and 77 species of bees and wasps. Some 250 species of birds visit the site.

Kenfig is one of 12 commons protected in Wales by local authorities, but it is the only nature reserve and European site of nature conservation funded and protected by a local authority. My local authority also manages Locks common, which is now a local nature reserve, on behalf of its landowner, and the Green. Both are areas of access and public open space and commons stretching along the sea front, and they are much valued by visitors and residents. I am concerned that small, new unitary authorities will not have the capacity to take on such tasks and responsibilities.

A recent study of just six SSSIs in Wales, carried out by the Royal Society for the Protection of Birds, found that only one was in a favourable condition. Problems were caused, as several speakers have said, by both undergrazing and overgrazing. Lack of fencing, lack of graziers, off-road 4x4s and motorbikes, vandalism, arson and conflicts of interest between graziers, owners and commoners were common. Almost all common land is semi-natural habitat and should be delivering on biodiversity targets if the habitat is in a favourable condition, but that requires funding and investment.

Some issues will be addressed by the Bill, particularly through the ability to form commons associations with powers to regulate grazing and some other agricultural activities and to access agri-environment schemes. The capacity for the Countryside Council for Wales and for Natural England to acquire severed rights of grazing by voluntary sale will assist in moving towards the 2010 target of halting biodiversity loss.

I would welcome some clarification of how the Minister sees the Bill operating. Areas currently have management agreements between local authorities and commoners, involving voluntary organisations such as the excellent Glamorgan wildlife trust, in my constituency, which manages a number of commons across south Wales in partnership with commoners and landowners. How will they relate to the new commoners associations? Will their current terms of reference come into play? Or if we are to have regionally based commoners associations, will they be incorporated into the new associations? There is some lack of clarity.

I am particularly pleased that there will be new money for local authorities to take on responsibility for the management of registrations. But how will commoners associations be funded, particularly for new works that will be needed, such as cattle grids, fencing and equipment? Will new money be provided? Kenfig is funded by my local authority and the CCW; it has five staff, but no funds to allow it to buy the new tractor, mower and Land Rover essential to carrying out its tasks. If that is Kenfig's experience as a statutory designated site, how will commons with no statutory protection finance themselves and move forward to tackle the damage taking place because of the neglect of some of our commons?

There will be cost implications for local authorities in supporting the establishment of commoners associations and public inquiries. Will there be financial support for local authorities if they are brought into involvement when the associations are developed and introduced into Wales?

[Mrs. Moon]

There is some indication that there may be some conflict and cross-over of responsibilities between commoners associations and local access forums. There is potential for duplication in some areas of responsibility. Local access forums do not have responsibility to have regard to the public interest in relation to biodiversity, but we may find that officers with responsibility for commoners associations may well also be involved in local access forums. There seems to be an opportunity to look at how we marry some of those responsibilities so that we do not have officers and land managers having to attend two meetings rather than one.

It will be important for commoners association meetings to be held in public. A wide range of people have an interest in the management of commons and a previous speaker referred to the importance of those with grazing rights being heard. There may also be people who have an interest in the natural history of sites who would wish to be heard and to be able to listen to debates and speak with members of the commoners associations.

I have some concerns about the use of "may" in clause 45(2)(a), which deals with local authority intervention powers. It says a

"local authority may . . . take any steps to protect the land against unlawful interference",

but to give full protection to common land where there is no registered owner, the intervention powers should be strengthened to a requirement that a local authority either must or shall take steps to protect the land from unlawful interference. Alternatively, has the Minister looked into the local commons association having that power and responsibility?

The requirement to take action could be particularly relevant in an area of common land in my constituency where there are problems with off-road biking and the use of 4x4 vehicles. Powers might be taken under clause 31 which deals with the functions of commons associations. I would certainly like additional powers to tackle such problems, which affect a number of commons in Wales.

The drive to establish commons associations will be led in Wales by the Welsh Assembly Government and in England by the Secretary of State. It would be helpful to consider the common land stakeholders working group report of 2003, which called for the establishment of regional advisory bodies to advise the statutory authority on whether to confirm regulations put forward by commons associations and whether reserve powers would be justified. The report also called for a non-statutory advisory body to promote good practice and provide a medium for communication between the Government and those with an interest in common land.

I would welcome the Minister's comments on whether such bodies will be created and whether he agrees that the responsibilities would best be placed with Natural England and the Countryside Council for Wales. The Royal Society for the Protection of Birds carried out a brief survey in Wales and it was felt that there was a need for an independent body to which commoners could go for advice and information. That will be critical to help commons associations to make progress.

Commons are much loved and valued in Britain where, as the Minister rightly said, too many people believe that the title means that they are owned by the public and managed for the public good. The Countryside and Rights of Way Act 2000 brought public access to commons and the Bill will bring management which includes the public interest. It is not the solution to all the problems of commons. We cannot draw a line under the issue—to do so in legislation whose history stretches back to the Norman conquest would be nonsense. What will be needed to halt biodiversity loss is a proactive approach to implementing the legislation, and funding to ensure that its effects are positive.

I hope that the streamlining of consent systems for works on commons will remove casual abuses such as one that occurred at Kenfig during the recess, when Network Rail drove a tractor and pick-up vans over the reserve to carry out work on a fence without the agreement of the trustees, the local authority, the reserve or the CCW. Such casual abuses will not end, but new powers, new information and new bodies will have the responsibility to tackle what has been rightly described as the tragedy of the commons.

Given the debacle of the 40-year gap between the previous legislation and the Bill, I urge the Minister to consider a requirement for an assessment of progress after five years so that we have an analysis of the improvements brought by the Bill and of its impact. After 10 years, there could be a further analysis of the effectiveness of the Bill's operation, so that we do not wait a further 40 years to rectify our mistakes but can start to move forward.

We should not be too disheartened by the 40-year gap, however. When I was exploring the 1965 Act to see what had gone wrong and what might have led us astray, I discovered that in the same year the House discussed smoking and the banning of cigarette advertising on television. It took us 40 years to move forward on that. There were concerns about the inappropriate award of honours because the Beatles had been given OBEs. We can move forward and we can be proactive, but we need to keep track of the legislation. We need to review it and we need to know that Ministers will make sure that we do not wait 40 years before rectifying any further mistakes.

7.24 pm

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Several speakers have referred to consensus across the House. There is indeed a large degree of consensus—so much so that sometimes it is almost disturbing. However, like the hon. Member for Stroud (Mr. Drew) who spoke very well, I shall break the consensus slightly, although only to note that after 41 years we should be allowed a reasonable time to discuss the amendments. When the Minister for Climate Change and the Environment introduced the Bill—reasonably and properly, as one would expect of him—he concluded that there would be many amendments to discuss in Committee. Despite the large consensus on much of the Bill—100 per cent. on the need for a change in the law—I can see no justification for concluding its proceedings by next Thursday. I say that with complete sincerity, because although there was consensus in the other place, their lordships were given a considerable amount of time to discuss this important Bill.

As was said earlier, there are more than 550 hectares of common land in England and Wales whose importance, pro rata, to the agricultural community is greater in Wales and in the north and west of England than in the south-east where much land has fallen out of agricultural use. The hon. Member for Hexham (Mr. Atkinson) mentioned rights of turbary. Those are not ancient rights that have fallen off the scale. I have neighbours who exercise rights of turbary on the mountain behind the village where I live. Another neighbour has piscary rights at a mountain lake in my community—*[Interruption.]* I am pleased that the hon. Member for Stroud smiles at that. Such rights still exist, and it is important to give them as much consideration as biodiversity, to which the hon. Member for Bridgend (Mrs. Moon) referred. There is no doubt that that is important but many other interests need to be catered for under the Bill.

It was said earlier that there was consensus that the 1965 Act was not as good as it might have been, and indeed that it was flawed from the beginning. It was certainly a cumbersome piece of legislation, which was often bewildering to the agricultural community and lawyers alike. On behalf of farmers in north and mid-Wales, I appeared many times before Her Majesty's commons commissioners and it was felt overwhelmingly that the procedure was unnecessarily complicated, even when rights or ownership registrations were uncontested. In contested hearings the proceedings could, and in my experience did, last for a week or longer, so the procedure was very expensive indeed. In that regard, the Act certainly was flawed from the beginning.

Even worse, when mistakes were made, wrong registrations were usually rectified by an application to the High Court. That, too, meant huge delays, uncertainty and further worries about costs. I know of individuals who found those considerations so off-putting that they did not proceed with their applications. I hope that will be put right under the Bill.

One example involves an enclosed piece of common land fairly high up the mountain in Merionethshire. The land has always been enclosed and used by one farm alone. No one else has used the rights, but unfortunately two other people have registered rights to graze. They cannot use the rights, because they cannot get to the land—that would involve crossing the dominant tenement in any event—but if that ground is sold, there will be huge complication. Any means of rectifying such problems has been beyond people locally, and I had hoped that the Bill would assist in that regard, but I do not think that it does. If I am fortunate—or perhaps unfortunate—enough to be selected to serve on the Standing Committee, I shall develop the argument slightly and address it with the Minister in Committee.

On my reading of clause 19, it appears that the process for amending mistaken entries is far simpler and less expensive—of course, I welcome that—but, unfortunately, I do not think that previously incorrect registrations under the 1965 Act will be capable of review under the Bill. If I am wrong, I will gladly stand corrected. I am led to believe that that is the case because of some human rights concerns, but one must consider the human rights of those against whom adverse and incorrect registrations have been made. I hope that we can discuss that point further in due course.

If there is no means of addressing patently wrong registrations, the Bill would appear to be a lost opportunity, because that aspect is probably the greatest and most obvious shortcoming of the 1965 Act. In large part, that was responsible for over-grazing for many years. The Country Land and Business Association points out in its helpful briefing what happens if:

"where registered rights have been overstated. This unfairness has been accentuated by the recent CAP reform and the allocation of SPS entitlements to graziers based on their registered rights with the prospects that landowners, who may also be active graziers, possibly being excluded from any entitlement where there are more rights registered than a common can physically support."

At this juncture, it would be as well to remind ourselves of the vital nature of grazing rights to agriculture. Very often, common land borders on a farm's ffridd or in-bye land and forms an integral part of the whole farming enterprise. As the hon. Member for Brecon and Radnorshire (Mr. Williams) said, many farms would not be viable without such rights. Many upland sheep farms in Wales simply would not exist without such rights on common land. Therefore this is not an esoteric subject, of peripheral interest to the agricultural community. It is vital to that community, so it is also vital to people in the locality who use commons recreationally, and to biodiversity.

There are many aspects to the Bill, and it does a reasonable job in addressing some of those balancing acts; but as this is a Second Reading debate, I shall merely comment on three or four ways in which the Bill should be improved. I note that during the Bill's passage through the other place, there were some interesting and highly informed debates that culminated in several useful amendments to the Bill.

The first issue that I should like to flag up—I shall not do so at great length because this has been referred to already—is the severance of grazing rights from the farms and holding to which they are attached. That came about as an unintended consequence of a decision in a leading case. Under the 1965 Act, commoners seeking to register rights had to quantify the number of animals that they were entitled to graze. As the hon. Member for Ludlow (Mr. Dunne) said, figures such as 70.3 cattle—whatever that means—have been used. In due course, those rights could be severed from the land itself.

I agree about the explanatory notes. They are refreshingly good, and very useful indeed; whoever is responsible, perhaps the whole team, can take all the credit for them. They refer to the leading case of Bettison *v.* Langton in 2001, in Appeal Cases 27. In effect, the House of Lords determined that as a consequence of the quantification required by the 1965 Act, the commoner was able to dispose of rights of common independently from the land to which they were attached—or, incidentally, to sell the land and retain the rights, which has also happened frequently. That is what is meant by severance, and it damages the whole framework to allow grazing rights to be transferred to someone who might have no contact whatever with the area, and who might even have no desire to co-operate with the other commoners in preserving the common good of the land, the environment and its use.

The general prohibition on severance in clause 9 is therefore welcome. However, that was amended in the other place, and the inclusion of an authorised severance

[Mr. Elfyn Llwyd]

was secured, whereby statutory commons associations can acquire rights by severance and their consent would be required for any transfer of severed rights to Natural England or the Countryside Council for Wales. That is appropriate, because no one wants to see over-grazing—but as the hon. Member for Bridgend said, no one wants to see under-grazing either, as it is equally damaging to the flora and fauna, and the environment generally. A proper balance has been achieved.

Under paragraph 3 of schedule 1, it will be possible by ministerial order or by order of the National Assembly for Wales to suspend the general prohibition on severance—in particular, where local circumstances dictate and there is strong local support and a good case for doing so. That may not be used very often, but it introduces some welcome flexibility into the equation.

Mrs. Moon: I wish to advise the hon. Gentleman that Kenfig is a prime example of a place where grazing rights can be used effectively. The Countryside Council for Wales has taken on the grazing rights at Kenfig, where grazing should be increased, but it is an open common, and there are problems with fencing following the outbreak of foot and mouth disease. It would be wrong to suggest that the bodies responsible for improving biodiversity and habitat management would not also recognise the importance of grazing in carrying out those tasks, and would not seek to increase grazing where it was needed.

Mr. Llwyd: I am very much heartened by what the hon. Lady says, but I know of examples in my locality where the converse is true, and such agri-environment agreements go too far in lessening the number of sheep carried on the mountains—but that may be by the by. None the less, I hear what she says, and I am pleased that that is so. I am sure that people who are aware of the agri-environment scene will realise that there is a need to keep a proper balance. For example, I was recently on a farm on the Berwyn mountains near Bala, where I live, and one of the problems there is that because of under-grazing, young gorse shoots are not being disposed of as they should be. That, in turn, has an effect on grouse. Of course, the whole thing is an ecosystem, so we must be aware of the need to graze responsibly, not only to do the best for the land, but to achieve the best return on the animals and generally to serve the three balancing acts to which I referred earlier. To that extent, I certainly agree with the hon. Lady.

I wish to refer briefly to management. We should find another name for the commons associations. That is a small point, but it might be an important one in avoiding confusion, and the Minister looks as though he is taking it on board. However, the point was made earlier, and I am sure that it can be discussed further in due course. There is good reason for doing so. Most commons already have graziers associations, and if it is the wish of those associations, they should be allowed and encouraged to take on the role of a commons association—people may call them what they will—with as few administrative obstacles as is humanly possible. Many relevant commons graziers associations wish there to be as few obstacles as possible so that a commons association can be responsible for more than one common, where it is proper for that to happen. That would be sensible in the circumstances.

Many of us believe that it is paramount that the main function of such an association is to protect the interests of all those whose livelihoods are reliant on the common rights. In particular, the non-business interests of those who have rights such as access should not take precedence over the interests of those whose incomes derive directly from the use of rights on the common. It is therefore essential that the majority of members of each association are drawn from the relevant business interests on the relevant commons. For example, the Farmers Union of Wales has mentioned a majority of 75 per cent.

We had quite a discussion earlier about the make-up of the associations. I do not know whether the document that I have in my hand, an example of a draft statutory instrument, has come to me surreptitiously. I hope that the Minister has seen it, otherwise it has come to me surreptitiously. *[Interruption.]* He is making me rather nervous. It is entitled "The West Barsetshire Commons Association Establishment Order 2006". Many Members have referred to this matter, so I hope that I am raising a point of information. Under the heading, "Establishment of the Association", in article 3(2), the order states:

"The Association shall consist of not less than 10 and not more than 12 members, of whom—

(a) three shall be appointed by the active graziers on White Moss Common from among themselves;

(b) two shall be appointed by the active graziers on Black Moss Common from among themselves;

(c) one shall be appointed by the active graziers on Ambridge Common from among themselves;

(d) one shall be appointed by the commoners who are not active graziers from among themselves;

(e) two shall be appointed by the owners of the Commons from among themselves;

(f) one shall be appointed by the Barset National Park Authority; and

(g) up to two may be co-opted by the Association."

Mr. Paice: The hon. Gentleman forgot Lynda Snell.

Mr. Llwyd: I apologise. No doubt, as a community councillor, she will find her way in there somehow or other.

Will the Minister tell me whether that is the kind of standard association that we are looking at? If so, I suggest that the balance is not quite right, but no doubt that is a matter not for Second Reading, but for Committee in due course.

Much has been said about the registration of greens, and quite rightly so. It is an important area of law, and another area that needs significant change and simplification. We need to consider further modifications. There is a possibility that the legislation could become an effective weapon for objectors to development, once the planning process has not had the desired outcome for them. It is not unheard of—under previous laws and currently—for spurious claims to be made in a last-ditch attempt to prevent development. Depending on the quality of evidence, those claims can be extremely difficult for a landowner to refute.

I was professionally involved in a case some four years ago on behalf of a county council that wanted to develop a corner of a parcel of land. As soon as the council made its intentions known—it wanted to use the land for affordable housing, for letting and part sale—the people in the locality said, "No, this is a green and it always has been." Well, it never had been, but it cost many tens of thousands of pounds to prove that. Thirty or 40 people came along and each spent up to half a day in the tribunal hearing. The thing went on for about 12 or 14 days. Tens of thousands of pounds were thrown away—for no good reason, it seems to me. We need to look again at that mechanism, to prevent that happening again.

We need a balance. We need to ensure that where greens have been used since time immemorial they continue to be used, for all the good reasons that they have been used in the past. Equally, if a part of a green is needed for some reasonable development, that should not be objected to and stopped in its tracks, per se. There should be a better means of dealing with those conflicts, rather than the current expensive litigation procedure. We need to strike a fairer compromise between the residents of a locality and possible developments.

My next point has already been made, so I will be brief. It is about what was referred to as the common land policy statement. There are occasions when a landowner is willing to permit the general public to have access to a piece of unfarmed land for recreation, where that would be of benefit to the community. There is now great anxiety among people who would be willing to do that. I could name names from my own locality. People are happy for that to happen, but they are concerned that over time, it will become a right capable of registration and that the land could become something akin to a green. Paragraph 50 of the common land policy statement 2002 says clearly that that will be legislated for in primary legislation, and that when the landowner makes it clear that people have limited recreational access, that is not to be transferred into a public right. The highway example given earlier is the same. Many of us are disappointed that that provision is not in the Bill. It would have freed up more access for the public, because landowners would not be concerned that public rights would be created, adverse to their own. I hope that even at this late stage, with a very limited Committee stage, that matter can be revisited.

In general, despite some of the things that I said earlier, this is a good Bill, which is overdue. However, other hon. Members and I have raised points that need to be addressed. The Bill will not succeed if the additional costs that will follow are not met. I was encouraged by what the Minister said when I intervened on him at the beginning. I welcomed that response and I hope that there will be some new money available. Otherwise there will be confusion, and we will have misleading plans and, potentially, lots of litigation, which nobody wants to see being pursued unnecessarily.

With those caveats, I welcome the Bill. If I am fortunate, or unfortunate, enough to be selected for the Committee, no doubt I can raise further points at that stage.

7.48 pm

Mr. Dan Rogerson (North Cornwall) (LD): I am delighted to be called to speak in the debate. It is always unfortunate to be called late, when so many of the points that I was hoping to make have been made by other hon. Members, but that is a reflection of the consensus that exists. There is a consensus that the Bill is to be welcomed, but that some issues need to be addressed in Committee, and I am sure that that will happen.

It was a pleasure to listen to the hon. Member for Bridgend (Mrs. Moon). I think I have told her in the past that my mother is from the neighbouring constituency of Ogmore, so it is good to hear so much work going on in that part of south Wales to preserve the natural environment.

Given the name of the Bill, which will appear on the Annunciator screens around the Palace of Westminster—the Commons Bill—I wondered whether we might have had more interest from hon. Members who might have thought that their livelihoods were at stake. That did not prove to be the case, but it is important that we discuss the Bill because many people's livelihoods are at stake. As hon. Members pointed out, it is 40 years since the legislation on common land was last debated, so we must get it right, as it may be a long time before the issues are debated again. I hope that hon. Members' comments, and those that I shall make, will be taken on board by the Minister in Committee.

My constituency includes many areas of common land, including 7,000 hectares on Bodmin moor. Most of the moor therefore consists of common land, which accounts for most of the common land in Cornwall. There are many sites of archaeological significance on Bodmin moor, so land management must take account of such sites as well as the natural environment and the implications for biodiversity. Archaeologists have already raised the problems that under-grazing will cause in the management of those sites. There are ponies on Bodmin moor, as there are on other moorlands in the south-west, which adds another dimension to the management of grazing.

Many such areas are already covered by countryside stewardship schemes, and it is important to point out that commoners' associations and groups work closely with existing agencies to ensure good stewardship of the environment. However, they are eager to undertake further work once the Bill is enacted. The common land on Bodmin moor makes a substantial contribution to agriculture and to the wider economy, and it plays a significant part in the life of rural communities on the moor, just as it does in other communities, including those in the constituency of the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd). Biodiversity is an important issue, given the historic patterns of land use, and sustainable management is of interest to a wide variety of users of common land.

Management involves private owners and, on Bodmin moor, people with grazing rights, as well as groups who are concerned to meet the challenge of preserving and enhancing the environment in an area as vital as Bodmin moor. The Government have taken a positive approach, and I welcome the Bill's presumption against the severance of common rights from land when it is sold. As hon. Members have said, common rights ought to be exercised by local people who, it is to be hoped, will be encouraged to take an interest in the management of common lands. Like many hon.

[Mr. Dan Rogerson]

Members, however, I have some concerns, as there are omissions in the Bill and other problems that I hope will be addressed in Committee.

I am concerned that local authorities have been given increasing responsibilities to make decisions about common land, which will add to the burden on local taxpayers. I welcome the fact that the Department has allocated money for the transition period to assist with new ways of working, but it remains to be seen whether that is sufficient for local authorities to be able to deliver their new responsibilities, including responsibilities in disputes about the keeping of records on rights, as the hon. Member for Meirionnydd Nant Conwy said. Some cases may take a long time to resolve, and will involve a great deal of work.

The commons commissioners operate a system that has been criticised—no doubt, it has been frustrating for people who have had to resort to the commissioners to try to resolve problems—but which is none the less trusted and well used. If the commissioners are abolished by the Bill, there is no alternative other than the courts, which is worrying for people involved in land management. The Bill creates new opportunities for statutory commons associations to take greater responsibility and to access resources to improve and maintain the land. However, many groups are not ready to become statutory associations. That is the biggest problem with the Bill, as much of the land is managed by smaller associations—indeed, there are some areas where there are no associations at all. Statutory associations will allow us to make progress, but it would be a shame if other areas were left behind, so I hope that amendments are tabled to encourage voluntary associations to work more effectively. We should look at ways in which they can be supported as a whole, so that they, too, can take advantage of the powers that will be given to the new statutory commons associations.

I welcome the powers that will be given to local authorities to resolve problems with unclaimed land, including cases in which land is used in a way to which the local community objects. Such cases cannot be resolved while the ownership of the land is unclear, so I welcome the opportunities for local authorities to step in and play a role in resolving those issues. Commoners in the Bodmin moor area look forward to the opportunities that will be extended to them following the introduction of the Bill, but they are concerned about the repeal of the Commons Registration Act 1965, as they do not want an open season on rights. If Natural England and the Countryside Council for Wales acquire commons rights, grazing in some areas may be reduced, so people wish to work with archaeologists and other groups to ensure that the correct level of grazing is secured and common land is maintained in the best possible way.

There should be more explanation of the way in which new commons associations will be supported, and how they will be encouraged to fund their activities. Again, in many cases, volunteers are involved, and I would hate to think that opportunities will not be taken up because there is no support for them. I am pleased that we are considering the issues that affect common land. The Bill has been a long time coming, and many people will be watching its speedy progress in Committee. I have some concerns, as I have outlined, but I am glad that hon. Members will seek to make a contribution in Committee. I hope that the Minister has taken our concerns on board, and I look forward to the Bill's progress in Committee.

7.58 pm

Bill Wiggin (Leominster) (Con): The Minister for Climate Change and the Environment opened the debate with his definition of common land, which involved the rights of people other than the landlord. He talked about havens for wildlife, the number of sites of special interest and the state of them. He talked, too, about the Dartmoor commoners council amendments that will be tabled in Committee, and clause 15, which applies to village greens. We welcome his acknowledgement of the need to provide certainty in Committee.

The Minister discussed the higher-level stewardship scheme, on which I intervened, and the need to meet obligations. His remarks were well intentioned, but I suspect and fear that they are likely to create new problems in addition to solving some of the old ones. He also discussed the good and constructive scrutiny in the other place. I think that he is absolutely right, and I add my congratulations to Baroness Byford and her team on their hard work.

My hon. Friend the Member for South-East Cambridgeshire (Mr. Paice) discussed local commons in his constituency, which are, by and large, small, and pointed out that under-grazing is a problem as well as over-grazing. He talked about village greens, deficiencies within the registers and registered rights, and he talked about severance rights and increased rights over and above existing rights. Importantly, he pointed out why Natural England needs to receive severed rights, and he talked about human rights being used as an excuse not to remove fraudulently acquired rights, although confiscation opportunities are being implemented against private landowners. I think that in Committee we will explore how much land is eligible under the 20-year rule. My hon. Friend also made a helpful point about the Department for Environment, Food and Rural Affairs being a point of contact where people can go for co-ordination and expertise. He welcomed the Minister's funding commitment to establish electronic registers, but pointed out that DEFRA cannot take an enormous amount of pride in its track record on, for example, cattle movement and the Rural Payments Agency. Questions will obviously be asked about how much the Minister's funding commitment will cost and whether the scheme will work. The issues of fencing and of the difference between consequential and inconsequential works are also important, but my hon. Friend was right broadly to welcome the Bill.

The hon. Member for Sherwood (Paddy Tipping) suggested that the Bill would have benefited from pre-legislative scrutiny, which was a helpful suggestion given that the Minister has said that the Government want to make a number of amendments in Committee. He also expressed concern about the eating away of small amounts of common land, which I am not so sure about—when he said that he did not understand some of the detail, the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) kindly helped him.

The hon. Member for Brecon and Radnorshire (Mr. Williams) has no common rights and is unlikely to get any—knowing his interest in farming, I feel for him—and he talked about the importance of town and village greens. He has been chairman of the Brecon Beacons national park, and he discussed the difficulties caused by over and under-grazing—people do not always realise that over and under-grazing depend on the weather, and he will know that the grass has not been growing particularly well this year. He also discussed the abolition of the commons commissioners, which is a serious loss, and we should not throw the baby out with the bath water. I hope that he was more right about the loss of commoners than he was about ploughing up Hay bluff. The votes on the commons, which will decide who gets what and how much they get, have been discussed by hon. Members on both sides of the House, because there is a serious concern about how the commons will be managed.

The hon. Member for Pudsey (Mr. Truswell) welcomed the Bill, which was no great surprise. He talked about village greens, but he seemed to fall into the local pitfall trap—what is good in some areas is not good in others. He spoke passionately about village greens in his constituency, and it took my hon. Friend the Member for Hexham (Mr. Atkinson) to point out that although his view is attractive in Pudsey, it creates problems in other parts of the UK. As always, the key is getting the balance right, and I hope that we achieve that with this Bill.

My hon. Friend the Member for Hexham made an excellent speech. He attacked the programme motion and talked about the 1235 Act and the problems therein. He spoke with passion about the problems with common land and, in particular, errors and false entitlement. He welcomed the provisions to clear up anomalies, which, as hon. Members on both sides of the House have pointed out, will make a tremendous difference, especially when constituents' drives, access or homes are on common land. At the moment, there is no way to unlock that problem, and we want the Bill to clarify the situation. My hon. Friend also discussed the distance that sheep stray, the fences that have been put up and that are now due to be taken down and the need for balance and judgment. His constituency contains a 20 square mile common, and it was clear that he knows exactly what he is talking about. He questioned whether the National Trust Act 1971 should be changed without proper scrutiny, and I agree with him that we should tread carefully. I enjoyed his excellent and informed speech.

The hon. Member for Stroud (Mr. Drew) light-heartedly discussed the length of time the Bill spent in another place. He then made a joke about the Commons, and he was doing really well until the hon. Member for North-West Leicestershire (David Taylor) got all excited and intervened on the theft of state schools. At that point, the hon. Member for Stroud became misty-eyed about rural socialism. He is normally very good on these issues, but this time he got a bit muddled—perhaps his emotional moment on rural socialism caused him to forget his own constituent's name. By the time he got to Minchinhampton common, he was even more confused—he discussed "a common fit for purpose", which confused me. He clarified his position by calling for genuine democracy in the management of commons, which is, again, a unifying point on both sides of the House. He is also frustrated by the Woodland Trust issue. Finally, he discussed the length and complexity of the Bill, but his entertaining speech lasted for about 20 minutes.

My hon. Friend the Member for Ludlow (Mr. Dunne) has common and grazing rights, so he knows what he is talking about. He discussed the problem of unregistered land, which is very important, and welcomed the council's role in overseeing the registration of such land. He then mentioned his 43.3 cattle—he is a superb breeder of Charolais cattle, but even he cannot breed 0.3 of a cow, and I am sure that the Minister will sort out that extraordinary anomaly when he has a moment. He also discussed the RPA fiasco and IT projects, the escalating cost of which is causing growing worry on both sides of the House. He talked about the conflict between people who are concerned about development on village greens, people who want to see more affordable housing and people who own land. He also talked about the protection of landowners' interests in the Highways Act 1980, the value of land, which is the key to the problem, and the transfer of land to public ownership. His constituency case involving the Glebe land in Clun, which was owned by the Church and accessed by villagers, was skilfully handled, because he avoided getting stuck in the firing line. He also discussed concern about the entity that may be imposed to run common land—again, almost every hon. Member who spoke mentioned that worry. He talked about English Nature and grazing opportunities being reduced under clause 31, which will weaken the livestock sector.

The hon. Member for Bridgend (Mrs. Moon) pointed out the need for legislation to rectify the fault lines, but I am not sure whether we rectify all problems when we introduce new legislation, because in rectifying some problems we may create others. Although the history of nature reserves in her constituency was fascinating, I think that there is a problem with Welsh SSSIs. I agreed with her when she said that she does not want Wales to be behind in anything, and particularly not in such a wonderful thing as biodiversity.

The hon. Member for Bridgend also discussed off-road motor cycling, which is another subject that I care about. When we discuss common land, we must be careful whom we discriminate against in addition to whom we try to protect. Motor cyclists also have a right to enjoy common land, providing that they do not cause damage or distress to other people. She also suggested that the Bill should be reviewed after five years.

Mr. Roger Williams: Will the repeal of the Law of Property Act 1925, which, as far as I understand it, precludes motor vehicles from going more than 10 m from a right of way or road, make common land more vulnerable to off-road activities?

Bill Wiggin: Most of the issues to do with off-roading are covered by the Natural Environment and Rural Communities Bill, so although that is a relevant point, it is not covered by this Bill.

The hon. Member for Bridgend suggested that the Bill be reviewed after five years and then after 10 years. I thought that that was an interesting and important suggestion but not one that inspired a great deal of confidence. We should try to get the Bill right here and now.

[Bill Wiggin]

The hon. Member for Meirionnydd Nant Conwy talked about the Bill's importance to Wales. He mentioned the problems of complexity in the old rules. His contribution was extremely helpful, because he has been involved in the legal side of this for a long time. He referred to enclosed common land up a mountain, with registered commoners who cannot access their rights yet have a claim should that common land ever be sold. The nub of his argument is that if we can unlock the complexities of this legislation, it will have a knock-on benefit for everybody who enjoys, lives off or uses common land. He talked about severance of grazing rights and welcomed the ending of that practice. He rightly referred to the balance that is essential as regards over-grazing or under-grazing, and the resulting gorse that may grow if that is got wrong.

The hon. Member for North Cornwall (Mr. Rogerson) also made some important points. It is frustrating to speak last when many matters have already been covered by other Members.

I am concerned about the cost of the legislation, the brunt of which will fall on local authorities and is estimated at between £5 million and £9.5 million. The Government have talked about extra funding, but I do not think that it was that much. If I am wrong, I am more than happy to give way to the Minister so that he can tell us how much he is going to give.

I can foresee potential pitfalls with the electronic register; I have already mentioned the Government's track record on that.

On the substance of the Bill, there are several concerns regarding the roles of the statutory commons associations that will be established under clause 26. As we have heard, situations may arise whereby voluntary bodies such as the Dartmoor commoners council could find its activities curtailed by the presence of a commons association. The National Farmers Union has expressed concerns over the confusion that could arise from statutory commons associations and non-statutory and voluntary groups wanting to care for common land. It is not clear how the membership of those statutory commons associations is to be constituted. No one would want certain interest groups or charities to dominate such groups at the expense of others. We must get that balance right.

When looking at the role of statutory commons associations, we must also consider the rights of the landowners. This seems to be a fairly inflammatory matter for some Members of the House, but 80 per cent. of common land is owned privately, and it does not rest well with human rights legislation for a statutory body to be able to impose on a landowner certain designs and plans on that land with which the owner, or other interested parties, may not be comfortable. We must have a fair resolution mechanism whereby conflicts between the landowner and statutory commons associations over the use of the land can be dealt with within the framework of the Bill.

The issue of executive powers has already been taken up, but it is worth reiterating with regard to commons associations. The National Trust has expressed concerns that under clauses 36(2)(c) and 44(2), a future Government may take away some of its powers and hand them over by ministerial order to a statutory commons association without sufficient parliamentary scrutiny.

Another concern is the retrospective nature of clause 15. As has been said here and in the other place, that could affect planning decisions and often much-needed planning developments. It is also unclear what constitutes a

"significant number of local inhabitants"

and, for that matter, who counts as a "local inhabitant". Would two people walking their dogs on the same patch of grass every day for 20 years be able to prevent a housing development by having it designated as a "town green"?

Those are important matters of definition and clarity that the Bill does not fully address at the moment. However, we are in favour of the Bill and will work throughout the Committee stage to make it much better.

8.14 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jim Knight): I thank all Members who have taken part in this constructive debate on an important, yet somewhat technical, Bill. I am sure that it is no coincidence that it was planned to be the first Second Reading debate after the Easter recess, which has meant that our minds are fresh to tackle the more technical elements of common land law, which, as we have heard, goes back to 1235.

When I was first briefed on the Bill, I was given a glossary of terms that I might encounter. It is redolent of an earlier age. Who could fail to be fascinated by an ancient manorial system of rights of pannage and piscary, of house-bote and hedge-bote, and of rights of pasture that were regulated under the principles of levancy and couchancy? We may learn more of these things in Standing Committee, perhaps even from the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd).

I am delighted that the Bill fulfils a manifesto commitment. The fact that it was a Conservative manifesto commitment from the 1987 election should not detract from its merits. Indeed, the Bill has attracted widespread support from all parties in the House, as well as support throughout England and Wales. I am particularly grateful for hon. Members' comments about the officials who have done so much work on the Bill, particularly the explanatory notes.

The debate has reflected the consensus while raising a plethora of technical points. I could go through all those in some detail, but as I spent 10 years in classified directory advertising as a profession, I am looking forward to the Adjournment debate and want to give it proper time. Nevertheless, I will dwell on a few issues.

The hon. Member for South-East Cambridgeshire (Mr. Paice) raised a series of technical points, most of which will be dealt with in Committee.

The hon. Member for Brecon and Radnorshire (Mr. Williams), who said that 12 per cent. of common land in England and Wales is in his constituency, spoke with some knowledge and authority. I look forward to his being able to lease some rights, which might satisfy his desire to be active in common land.

My hon. Friend the Member for Sherwood (Paddy Tipping) spoke with his usual authority, and his passion for biodiversity and town and village greens shone through. I will chase up the correspondence from Mrs. Perry for him.

My hon. Friend the Member for Pudsey (Mr. Truswell) spoke, again with passion, about the green application for Yeadon Banks. I must not comment on that particular case, but he is right to pay tribute to the role that just a few volunteers play in putting such applications together. We are grateful to them. The Trap Grounds case that he and many other hon. Members mentioned should reach a conclusion shortly. That may inform what we decide to do on Report, depending on what is said. I hope that the measures in the Bill will be sufficient to sort those matters out. I am certainly happy to meet my hon. Friend, as he requested.

The hon. Member for Hexham (Mr. Atkinson) discussed the programme motion. I have to tell him that the amount of time that we propose for the Committee stage has been agreed on both sides of the House, including his own. In fact, we have extended the amount of time from that which his hon. Friends proposed. I hope that he will be satisfied with that.

The hon. Gentleman went on to talk about some of the problems of under-grazing on the uplands. I listened carefully to his remarks and I hope he will respond to the consultation on the England rural development programme, with the discrete consultation on uplands, so that we can hear the experience of his constituents.

My hon. Friend the Member for Stroud (Mr. Drew) recalled the Diggers and the Levellers. He wanted conflict, but with his usual charm and charisma, some of that conflict ebbed away magically as he spoke.

The hon. Member for Ludlow (Mr. Dunne) spoke with knowledge, informed by his interests, which he declared. I am pleased that he welcomes the proposal in the Bill that the commons registration authorities should be the local authorities, and that registration will not be handled centrally. If I have time, I shall say a little more about the electronic register.

My hon. Friend the Member for Bridgend (Mrs. Moon) spoke about the target for 95 per cent. of SSSIs to be in favourable condition by 2010. I should advise her that that includes those that are improved or recovering, which might assist progress in Wales. Here in England, we are up to 72 per cent., which puts us on course to meet the 2010 target. My hon. Friend spoke with passion and in some detail about the Kenfig site in her constituency and showed the importance of protecting commons, which we are seeking to do in the Bill.

The hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) was unsure whether he wanted to serve on the Committee that will consider the Bill. I am unsure, too, whether I want him to serve on the Committee. No doubt he would bring great expertise to it, which at times, as the Minister being scrutinised, I might not welcome, but on balance, it would probably be a good idea. He raised a case that the hon. Member for Leominster (Bill Wiggin) mentioned in his summing up. If the hon. Member for Meirionnydd Nant Conwy writes to me about it, I shall be happy to look into it. I was grateful to him for brandishing the draft strategy instrument, because my officials then passed it on to me.

The hon. Member for North Cornwall (Mr. Rogerson) spoke about livelihoods. The Bill is about livelihoods, of course. It is also about matters of life and death for some of the biodiversity on our common land. That is why we think it important to tackle these issues.

I shall deal more substantively with one or two of the key points made. The hon. Member for South-East Cambridgeshire asked why the Bill does not allow the correction of mistaken, fraudulent or excessive registration of rights under the 1965 Act. That query was repeated by others. We have listened to the views of stakeholders. We recognise that many rights registered in the 1960s were excessive or inflated and have led to problems, but we believe, in common with most stakeholders, including the National Farmers Union and the Moorland Association, that we must move on, and that re-opening those registrations 45 years later would not be helpful in achieving better management of our commons. I am sure we will debate the matter further in Committee, but if the result of that inflation of rights is over-grazing, we hope that the formation of statutory commons associations will tackle it.

The hon. Gentleman questioned whether the registration of land as a green breaches human rights. We will hear more when we get the judgment on the Trap Grounds case. He asked about the cost of commons registers. The Bill enables commons registration authorities to convert their own registers to electronic form. It is important that that power should be available as we move into an electronic age, but it is not a power for DEFRA to create a national electronic register. It is for the authorities to do that. Like many other features of the registration authorities, we will start with pilots in areas where there are significant amounts of commons to make sure that they work. We will fund that, learn from it and roll out best practice elsewhere.

My hon. Friend the Member for Sherwood asked why there was no pre-legislative scrutiny. As I said, the measure was a manifesto commitment back in 1987 and much has been said about the time it has taken to get a slot for it. We now have the slot and we shall use it to the best of our ability. Pre-legislative scrutiny might have disappointed the high expectation for action among stakeholders.

I could continue going through various points but I believe that we will cover them well in Committee. Again, I thank all those who have taken part in the debate. Hon. Members referred to the importance of biodiversity, which my hon. Friend the Minister emphasised in his opening comments. The Bill will help common land to be sustainably managed, thus benefiting not only SSSI commons but all common land. It will help improve biodiversity and contribute to our domestic and international targets.

Biodiversity is important for our national sense of well-being. It is a resource for recreation, tourism and education. It provides the vital ecosystems that we all need to survive. It regulates our climate, provides clean water, air, fuel, food and medicines. It is also good for business—to keep my hon. Friend the Under-Secretary of State for Trade and Industry, the Member for Bradford, South (Mr. Sutcliffe), who is present, interested. It helps create thriving, sustainable communities by providing employment and generating

[Jim Knight]

revenue. It is estimated that activities connected with the management of the natural environment support nearly 300,000 jobs in England and contribute £6.5 billion in gross value added to the economy.

The Government's commitment to biodiversity informs the need for the Bill, but it is also important in its own right. Legislation on commons does not come along often and we have an obligation to ensure that the Bill makes good use of a rare opportunity to help protect and conserve our common lands for current and future generations. I believe that the measure does that and I therefore commend it to the House.

Question put and agreed to.

COMMONS BILL [*LORDS*] (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6) (Programme motions),

That the following provisions shall apply to the Commons Bill [*Lords*]:

Committal

1. The Bill shall be committed to a Standing Committee.

Proceedings in Standing Committee

2. Proceedings in the Standing Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 27th April 2006.

3. The Standing Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of any message from the Lords) may be programmed.—*[Mr. Watts.]*

The House divided: Ayes 251, Noes 102.

Division No. 209] **[8.25 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, Mr. Russell
Browne, rh Mr. Des
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Caton, Mr. Martin
Caveney, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Gwynna, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, Mr. David
Harris, Mr. Tom
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mahmood, Mr. Khalid
Mallaber, Judy
Marris, Rob
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, Dr. Alasdair
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pickthall, Mr. James
Pope, Mr. Greg
Pound, Stephen

Prentice, Mr. Gordon
Prescott, rh Mr. John
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reid, rh John
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Taylor, Dr. Richard
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Winnick, Mr. David
Winterton, Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Dave Watts and
Mr. Alan Campbell

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Baldry, Tony
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brooke, Annette
Browne, Mr. Jeremy
Burt, Alistair
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Clark, Greg
Clegg, Mr. Nick
Davey, Mr. Edward
Dorrell, rh Mr. Stephen
Duddridge, James
Dunne, Mr. Philip
Foster, Mr. Don
Galloway, Mr. George
Gillan, Mrs. Cheryl
Goodwill, Mr. Robert
Gove, Michael
Greyling, Chris
Green, Damian
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heathcoat-Amory, rh Mr. David
Hemming, John
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horwood, Martin
Howarth, David
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Kawczynski, Daniel
Kramer, Susan
Lansley, Mr. Andrew
Lidington, Mr. David
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Malins, Mr. Humfrey
Maude, rh Mr. Francis
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
O'Brien, Mr. Stephen
Öpik, Lembit
Paice, Mr. James
Paterson, Mr. Owen
Penrose, John
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Russell, Bob
Sanders, Mr. Adrian
Simpson, David
Stanley, rh Sir John
Steen, Mr. Anthony
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Teather, Sarah
Vaizey, Mr. Edward
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Michael Fabricant and
Andrew Rosindell

Question accordingly agreed to.

COMMONS BILL [*LORDS*] [MONEY]

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52 (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Commons Bill [*Lords*], it is expedient to authorise the payment out of money provided by Parliament of—

(a) any expenditure incurred by the Secretary of State by virtue of the Act, and

(b) any increase attributable to the Act in the sums payable out of money so provided under any other Act.—*[Tony Cunningham.]*

Question agreed to.

Classified Directory Advertising

Motion made, and Question proposed, That this House do now adjourn.—*[Tony Cunningham.]*

8.40 pm

Martin Salter (Reading, West) (Lab): I am surprised at the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for South Dorset (Jim Knight). Only a few moments ago, at that very Dispatch Box, he expressed great interest in the fascinating subject of classified directory advertising. We have checked his antecedents. From 1991 until 2000—I think—he worked for Dentons directories. We can only conclude that he had no intention of misleading the House, and merely decided that a lifetime in directory advertising was probably enough for any human being.

I am pleased to have secured this debate on behalf of the employees of Yell Limited, whose headquarters are based in Reading. Yell is a successful company with a £660 million turnover in the United Kingdom. It employs about 1,000 people in two offices in Reading, where it has operated for nearly 20 years. I am even more pleased that my old friend the Under-Secretary of State for Trade and Industry, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe)—the Minister responsible for consumer affairs—is to reply to the debate.

I have a high regard for my hon. Friend, not least on the basis of my experience of him when he was a leading light in the trade union group of Labour Members of Parliament. I know for sure that if a group of workers in his constituency felt similarly threatened by the actions of the Competition Commission, he would not hesitate to take up cudgels on their behalf in his capacity as a constituency Member. That is why I am certain that he will take careful note of the representations I have received from the trade unions at Yell as well as from the management team—in particular, from Monica Charles, assistant branch secretary of the Communication Workers Union, and Andy Neatham of the Yell branch of Connect. I am also particularly indebted to Richard Duggleby of Yell for taking the time to talk me through aspects of this complex issue.

I am sure that my hon. Friend will respond directly to the matters that I shall raise, and will not simply read out a dry briefing note from his very talented officials, who have a way with the English language to which the rest of us can only aspire. I want him to bear in mind three points following an encounter which I assure him will not continue until 10.30 pm.

Stephen Pound (Ealing, North) (Lab): Shame.

Martin Salter: My hon. Friend clearly wishes the debate to continue for longer. I am sure that any intervention from him will achieve precisely that objective.

These are the issues that I want the Minister to bear in mind. First, what problems does the Competition Commission's inquiry into classified directory advertising seek to solve, given that directories such as the excellent *Yellow Pages* are free to consumers, and that advertising rates are falling faster than the current price cap demands? What is the problem? Secondly, has the Competition Commission not recognised that there is now something called Google? As the man said, the internet has changed everything. People no longer need to advertise exclusively in classified directories, as almost every aspect of human knowledge is available on the internet. Thirdly, why does the Competition Commission appear to want to legislate for yesterday, rather than addressing problems that will confront the marketplace tomorrow or in years to come?

The market for classified directory advertising may not strike everyone as one of the most important subjects for public debate, but for some reason it has become a subject of almost obsessive interest to the competition authorities in the UK, the Department of Trade and Industry, the Office of Fair Trading, the Competition Commission and its predecessor, the Monopolies and Mergers Commission—although, interestingly, that obsessive interest does not appear to be shared by their counterparts elsewhere in Europe.

I make it absolutely clear that I have no declarable interest in the subject. I have no registered position or shareholding in any company that is active in the sector. My interest relates primarily to the fact that the market leader in the sector, Yell Group plc, is based in Reading and the prolonged inquiry by the Competition Commission is taking up a considerable amount of the company's time when it could otherwise be getting on with running its business.

The OFT first referred the UK classified directory advertising industry to the Competition Commission's predecessor, the Monopolies and Mergers Commission, in March 1995—a long time before this Government took office. In November that year, the MMC submitted its report and recommendations on various new undertakings, notably price controls, to the then Secretary of State for Trade and Industry, Mr. Ian Lang. In March 1996, the DTI accepted the MMC's proposed undertakings, while the OFT was charged with monitoring their effectiveness.

Between 2000 and 2001, the OFT undertook a further study into the market and recommended to the DTI that the 1996 undertakings should be modified somewhat, chiefly by further tightening the price controls on *Yellow Pages*. The DTI accepted the advice, but suggested that the OFT should review the relevant undertakings again in 2005, with a view to having any new measures in place by 1 January 2006. We are now well past 1 January 2006.

On 3 November 2004, under the somewhat unlikely headline "OFT to review classified directory advertising and opium derivatives", the OFT issued a press release announcing the further review. Disappointingly, the headline turned out to refer to two separate cases, rather than an unusual instance of market convergence. In April 2005, the OFT decided to refer the whole subject back to the Competition Commission for another full investigation. The commission initially indicated that it expected to complete its inquiry by summer 2006, but the timetable has slipped several times, and the commission now does not plan to publish its report until September 2006, and perhaps not until April 2007. Not only would that be well past the DTI's original target of having any new measures in place by 1 January 2006, but it would break all known records for the longest, or, perhaps, slowest, competition inquiry yet undertaken by either the Competition Commission, or the Monopolies and Mergers Commission.

The cause of the drawn-out obsession of the UK competition authorities with classified directory advertising is something of a mystery. A search of the parliamentary online database normally brings up questions asked by hon. Members on almost any subject, but there is virtually nothing on this issue. A few trade associations and advertising groups have given evidence to the current inquiry, as one would expect, but small businesses, many of which are regular users of classified advertising, appear to be unconcerned. Not a single one was chosen to give evidence to the current inquiry, and nor has the Federation of Small Businesses submitted any views to the Competition Commission.

Stephen Pound: My hon. Friend says that small and medium-sized enterprises may not have expressed concern, but many in my constituency have expressed concern that what they think of as an absolutely vital tool for bringing their products to market appears to be threatened. Will my hon. Friend tell us how on earth Yell Group is managing to retain its renowned high standards in the face of such uncertainty, difficulty and diversion of scarce resources?

Martin Salter: As I said earlier, Yell Group and *Yellow Pages* itself are providing advertising rates that are lower than the price cap demands. The operation is extremely healthy, and there is a complementary internet service, yell.com. The competition inquiry itself has not yet affected Yell Group's profitability and nor has it directly threatened the employment opportunities of my constituents. However, the period of uncertainty is doing no one any favours, not least the Competition Commission. Hon. Members and Parliament, to which the commission is ultimately responsible, would expect the commission to be addressing real problems, not made-up, theoretical problems that belong to a bygone age. I thank my hon. Friend for his most welcome support.

Consumer groups appear equally unconcerned about the matter. The only reference to their position is a transcript on the Competition Commission website of a short interview conducted with *Which?*—the Consumers Association—in which it argues that the present CC inquiry was probably unnecessary. That is significant. I have huge regard for *Which?*, and must declare that my wife works for it. It is universally regarded as an effective champion of consumer issues and consumer choice. However, *Which?* does not recognise the need for the inquiry.

No more than 30 organisations of various kinds have given evidence to the Competition Commission's inquiry in addition to the main principals in the market, such as Yell, Thomson Directories and British Telecom. By the normal standards of industry inquiries by the commission, that is an exceptionally low level of submissions. It is also noticeable that many of the submissions that have been made are in fact quite positive about the current state of the market and also quite positive about the service provided by Yell—which answers the point made by my hon. Friend. So the question remains: why have the OFT and the commission devoted such an extraordinary amount of time to this subject, when neither the main users of classified advertising—small businesses—nor ordinary consumers have any particular concerns?

One might imagine that, having spent a year on this subject, the commission has perhaps been engaged in some deep, original thinking. Unfortunately, judging by the only substantive document that it has published to date, the opposite seems to be the case. The commission's interestingly titled "Emerging Thinking" paper, published a few weeks ago, is depressingly unoriginal and it suggests that the commission's thinking on this subject has not moved on much beyond the conclusions reached by its predecessor, the Monopolies and Mergers Commission, back in '995 under the Conservatives. So much has changed in the intervening years.

At that time, the MMC took the view that *Yellow Pages* was held in high regard by most advertisers and users, that many advertisers did not want to see a proliferation of alternative providers, but that action was needed to keep prices low. After considering and putting to one side the somewhat extreme option of breaking up the company, this led to the price controls on Yell that remain in place today. The MMC recognised that such a course of action could, ironically,

"damage existing or future competition"

by making it more difficult for other firms seeking to enter the market from being able to compete on price, a point recognised by *Which?* in its recent comments. The MMC therefore set the price formula at a relatively modest level. Despite that, in 2001, the OFT chose to tighten the price control formula on the grounds that other firms were unlikely to enter the market in any event.

The OFT was wrong in its assumptions. Since 2001, there have in fact been major new entries into the market, most notably by Yell's former parent company, British Telecom, but also by other publishers, such as the Trinity Mirror Group. In addition, the huge growth in the use of the internet for directory inquiry searches for all kinds of services is already affecting the traditional printed directory business and will clearly make a huge impact in the future.

Despite all those changes, the commission, in its "Emerging Thinking" paper appears to have ignored or discounted those developments. Even though competition regulators are meant to be forward looking in their analysis, the commission has so far effectively dismissed the internet, portraying it as a minor side issue and somehow not directly relevant to the printed directory advertising market on which it has been focusing its inquiries for many years, at considerable public expense. It is as if the commission regards the market as virtually unchanged since 10 years ago, so that the previous MMC report from 1996 can be dusted off and republished anew.

Particularly bizarre is the commission's suggestion that BT's re-entry into the market, which surely must be considered as significant, can be discounted as unique, on the grounds that other companies lack its size or brand image. Yet one would have thought that companies such as Vodafone—larger than BT—and Google, which is the UK's most popular search engine, clearly have both the size and the brand image to enter the market if they wished to do so.

So far, the Competition Commission appears to be adopting a circular argument—that price controls currently in place may discourage competition but are

[Martin Salter]

necessary because there is insufficient competition. It seems that evidence that the extent of the competition has grown—as it clearly has in recent years—must be discounted, as it does not fit in with the commission's preconceptions. Frankly, that is the analysis of the madhouse.

The Competition Commission's attitude is simply not good enough. It reminds me of the famous remark allegedly made by a member of the Monopolies and Mergers Commission when the competition authorities first investigated the beer industry in the 1980s. That industry is well known to my hon. Friend the Member for Ealing, North, and to me, given that the Courage brewery is based in my constituency. The MMC member is alleged to have uttered the golden words that something was

"all very well in practice, but how will it work in theory?"

Competition policy is meant to be based on evidence rather than preconceived theories, and on forward-looking analysis rather than old reports and studies from decades ago. The growing competition in the market for classified directory advertising suggests that prices controls are outmoded, and both competitor companies such as Thomson Directories, and consumer organisations such as *Which?*, have taken a similar view in their evidence.

These days, price controls are not generally used, except for essential utility services such as water, gas and electricity. The case for keeping them, at a time when Yell's market share has been steadily declining and when printed directories form only part of the wider market for information services, seems very weak indeed. The Competition Commission should take more seriously the case for removing price controls as, almost certainly, that would lead to more competition, not less.

Overall, the market is dynamic and changing, with a high level of user satisfaction. It does not have the obvious characteristics that would call for heavy-handed regulation. If Yell were an old fashioned monopoly that obliged reluctant people to buy its products, instead of being a company that provides a good and popular service, there might be a case for 1970s-style price controls. In fact, the company is well run, and has done well since being decoupled from BT in 2001.

The proof that Yell's success is due more to good business management than to its strong market share is the fact that it has done so well in the US and other markets. Far from being the incumbent, it has generally been the challenger overseas. That suggests that product innovation and the maintenance of generally good relations with customers can still pay dividends.

It must also be acknowledged that the Competition Commission is only at the emerging thinking stage of its inquiry, and that no final decisions have been taken yet. I am pleased to tell the House that, when the commission's chief executive realised that I had secured this debate, he wrote to me make that very point.

The Competition Commission's thinking may have moved on over the past few months, but to date the story has not been encouraging. There have been indications that members of its panel may not have engaged fully with issues raised in the course of the inquiry, preferring to leave matters largely to administrative staff. They, in turn, appear to have relied heavily on work done 10 years or more ago. That is utterly indefensible.

Despite its supposed commitment to transparency, the Competition Commission has tried to hide delays to the timetable by pasting up new deadlines on its website without acknowledgement or public announcement. That is simply unacceptable.

Moreover, I must tell my hon. Friend the Minister that the Department for Trade and Industry is also partly responsible in this matter. It is responsible directly, because it was previously the source of final decisions in competition investigations and yet has allowed this relatively small industry to become subject to endless regulatory investigations and a series of heavy-handed, outmoded and probably unnecessary undertakings.

The Department is also responsible indirectly because, although no longer responsible for the final decision in competition matters, it remains responsible for the publishing sector yet has failed to submit any evidence to the current inquiry. The result has been a seemingly self-perpetuating series of regulatory inquiries into an industry about which there have been few, if any, complaints or concerns and with which everyone, by and large, seems to be perfectly happy. When he replies to the debate, I invite my hon. Friend the Minister to acknowledge that the DTI need not feel constrained by the actions of his Conservative predecessor who started this whole sorry episode in 1995.

Given the Competition Commission's increasingly poor time-keeping, we must query whether Ministers were right to relinquish their powers over its timetables for such inquiries. Where previously it had to request permission from the Department of Trade and Industry for an extension to its timetable, it now simply asks itself. Whereas before the Enterprise Act 2002—I stand guilty here, as I loyally voted for it—most Monopolies and Mergers Commission inquiries took around three months, even the simplest Competition Commission inquiry today takes around six. Others take much longer.

The National Audit Office recently criticised the Office of Fair Trading for taking too long over its cases and failing to prioritise properly. To its credit, the OFT has largely accepted those criticisms and promised to rectify the position. Given how long the Competition Commission now takes over some of its cases, including the inquiry into classified directory advertising, there may be a case for the NAO conducting a similar investigation into its work. I give notice that I will, if necessary, personally approach the NAO to ask it to shine more light on the workings of the Competition Commission.

I understand that the Competition Commission has a current high-profile inquiry into the proposed merger of the booksellers Waterstone's and Ottakar's. I note that it has placed great weight on consumers using the internet to buy books through Amazon.com and the like. That is a factor, the commission says, in keeping the price of books competitive. I hope that the commission will realise that the internet effect is also present in the case of classified directory advertising, and I hope that

its panel will think carefully about the evidence it has received, which frankly does not support the emerging thinking document published previously.

Once the case is over, I hope that the DTI will reconsider whether lessons can be learned about the way in which such inquiries are conducted, in terms not just of the timetable but the substance. Perhaps it might encourage a peer review exercise similar to those that take place in other cases. It is noticeable that while every country has some form of yellow pages, and while the European Union market for directory services has long been open to competition in line with directives initiated by the European Commission, no competition authority in another EU member state has found it necessary to mount such a prolonged series of inquiries into the industry, with such potentially destablising effects.

I am pleased to have had an opportunity to highlight an issue of considerable importance to my constituency. I, and many others await the provisional findings of the Competition Commission inquiry into classified directories next month. I trust that they will be based on evidence and hard facts, and not on some outdated theory from another age, an age before the internet and the market entry of such significant players as BT, Google, Yahoo and so on. The Minister knows that I shall continue to pursue the issue with considerable vigour, and I await his response with great interest.

9.2 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I congratulate my hon. Friend the Member for Reading, West (Martin Salter) on securing a debate that I see as very important. I am glad to have the opportunity to discuss the issues that he raised. I, too, am surprised that the Under-Secretary of State for Environment, Food and Rural Affairs, our hon. Friend the Member for South Dorset (Jim Knight) was not able to stay to give us the benefit of the skills gained from his long experience of working for Dentons Directories, but I understand that he had a previous commitment. I am grateful to my hon. Friend the Member for Ealing, North (Stephen Pound) for his intervention because I know that the issue is important to his constituents.

My hon. Friend the Member for Reading, West raised the issue because, as he said, Yell's headquarters is in his constituency and is an important provider of jobs—almost 900, I think he said. He paid tribute to the work of the Communication Workers Union, Connect and Yell itself in raising the issue with him as the constituency Member. Clearly, there are many concerns.

I recently received a letter from my hon. Friend and am pleased that he has already had a response from the Competition Commission. I, too, shall send him a written response shortly.

My hon. Friend raised a number of issues, but he knows that I cannot intervene directly in many matters because of the rules of the competition framework that we have established. Where I can, I shall respond to his points. I also give him a commitment that, if he is not satisfied with my response, I shall be happy to meet a delegation from his constituency if that is helpful.

The UK competition framework has established the Office of Fair Trading and the Competition Commission as independent statutory bodies and they take decisions based purely on competition considerations, unaffected by any political agenda or intervening factors, allowing experts and independent competition bodies to take decisions on mergers and markets. With that independence comes responsibility. The Competition Commission has a statutory duty to consult widely on its interim findings and to ensure that its members reach the right decisions. Independent competition authorities are a key benefit introduced under the Enterprise Act 2002 regime and are a key factor in the recognition of the OFT and the Competition Commission as world class. I know that my hon. Friend has doubts about the competence of both bodies but, as the Minister with responsibility for competition affairs, I can assure him that the UK is a world-class leader. Members on both sides of the House recognise the benefits of the revised structure that we have set up.

The Office of Fair Trading may make a reference to the Competition Commission when it has reasonable grounds for suspecting that one or more features of a market prevent, restrict or distort competition in the UK. The Department of Trade and Industry cannot overrule or influence a decision by the OFT to make a market investigation reference. As required by the Enterprise Act, the OFT consulted on its proposal to refer the classified directory advertising services market before making the reference to the Competition Commission. Its consultation revealed no substantive evidence to change its mind about making a reference.

My hon. Friend referred to the timetable. The Competition Commission aims to offer best value for money, reaching the right decision in the shortest period of time while following fair and transparent procedures. It does not have a free mandate on setting or extending its timetables for market investigations. There is a statutory maximum period of two years with no possibility of extension. The commission's rules of procedure require it to have an administrative timetable for the major stages of a review. It aims to complete its investigations well within the two-year maximum period. In the case of the classified directory advertising services inquiry, the commission hopes to complete the investigation well within the two-year statutory deadline.

There are two main reasons why the Competition Commission's timetable for market investigations under the provisions of the Enterprise Act is longer than its monopoly investigations under the Fair Trading Act 1973. The group of members presiding over an inquiry has to be more transparent in its thinking during the course of an inquiry and the Competition Commission is now responsible for the determination and negotiation of remedies if an adverse effect on competition finding is reached. Increased transparency involves publishing more documents and providing parties to our inquiries with the opportunity to influence the commission's thinking well before the release of the final report.

The Competition Commission keeps its procedures under constant review. It will see if anything can be done to speed up the time frame while following statutory requirements. It has recently completed its first Enterprise Act market investigation—into store card credit services—so this is an opportune time to consider how it investigates markets.

[Mr. Gerry Sutcliffe]

My hon. Friend mentioned the emerging thinking document. The group of members working on the CDAS inquiry published their emerging thinking document on 24 January 2006. It provides parties with an opportunity to study the group's evolving thoughts and to submit evidence in support of or against them. By the time the group publishes its emerging thinking, it will already have consulted widely on the key competition issues. The thinking is preliminary and it is possible that new evidence will come to hand that will significantly influence the group's decision before the publication of provisional findings and, of course, the final report.

Martin Salter: I am grateful to my hon. Friend for directly responding to the points that I have raised, but he should bear it in mind that the evidence provided to the Competition Commission in this interminable inquiry contains nothing new whatever, so if the commission is to produce a change of direction in its provisional findings, it will need to acknowledge the evidence that already exists.

Mr. Sutcliffe: I am grateful to my hon. Friend for making that point. I am trying to describe the procedural way in which the Competition Commission operates, but we have heard his contribution this evening and I am sure that the Competition Commission will hear exactly what he is saying. Indeed, the letter that he received from the Competition Commission explains how it may need to learn from some of the lessons of the case, which, as he says, seems to have spanned the change in the structures, which is one of the problems that he and his constituents and the company have faced.

We are trying to introduce into the Competition Commission regime the need to consult parties during both merger and market investigations. The Competition Commission publishes as much information as possible on the inquiry website, having regard to the fact that confidential commercially sensitive information needs to be kept confidential. It actively seeks views from interested parties by placing advertisements in relevant newspapers and trade journals, undertaking surveys and directly approaching key consumers, competitors and relevant trade organisations for evidence.

The Competition Commission invites key parties for oral hearings to present their views on competition issues. During the classified directory inquiry, it commissioned two in-depth surveys of businesses that advertise or have recently stopped advertising in classified directories. The group of Competition Commission members appointed to an inquiry hold complete responsibility for the procedures followed on inquiries and the decisions reached. Members are fully engaged with staff over the course of an inquiry and are present at the vast majority of hearings with the main and third parties involved in an inquiry, so is incorrect to question the control that staff have over members' decisions.

The Competition Commission's chairman, Peter Freeman, has widespread experience in competition. Before his appointment as chairman in December 2005, he had been deputy chairman since May 2003. Before joining the Competition Commission, Peter was head of the European Community and competition law practice at the international law firm Simmons and Simmons.

The Competition Commission has substantial powers to remedy an adverse effect on competition, including changing the structure of a market by requiring companies to divest themselves of parts of their business. In exercising those powers, the Competition Commission needs to be sure that it reaches the right decisions, which requires in-depth economic analysis into matters such as market features, dynamics occurring in the market and incentives for firms to act under certain market conditions.

It is not for Ministers to decide whether action is necessary when we have put in place a well-established, independent and rigorous competition framework, but I understand the concern that my hon. Friend has raised. I hope that he will take from my comments this evening that we take this matter seriously and understand the effects on his constituents and the company in his constituency. I have regular meetings with the competition authorities. I am happy to raise that issue to discover what lessons can be learned, and as I said earlier, I am happy to meet my hon. Friend if he feels that that is appropriate. I am sure that all hon. Members look forward to hearing the results of the competition authorities' deliberations on this subject, and we wait with interest to see what happens.

Question put and agreed to.

Adjourned accordingly at twelve minutes past Nine o'clock.

House of Commons

Wednesday 19 April 2006

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

HBOS GROUP REORGANISATION BILL *(By Order)*

Read the Third time, and passed.

Oral Answers to Questions

DEPUTY PRIME MINISTER

The Deputy Prime Minister was asked—

Fire Prevention

1. **Andrew Miller** (Ellesmere Port and Neston) (Lab): What steps the Government plan to take to reduce the risk of death and injury through fire prevention. [63752]

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Jim Fitzpatrick): The Government's plans are based on targets to reduce the number of accidental deaths from fire in the home by 20 per cent. and incidents of arson by 10 per cent. by 2010. Fire prevention was made a statutory duty for all fire authorities as part of the Fire and Rescue Services Act 2004. I am pleased to advise the House that last year's figures for deaths showed a 45-year low. The fire service is to be commended for the recent reductions and encouraged to continue making our communities safer, year on year.

Andrew Miller: I thank my hon. Friend for that answer, but will he specifically consider the issues around Cheshire? He will be aware that my constituents take fire safety very seriously, for reasons of the proximity of the petrochemical industry. Will he help my constituents by putting into perspective what he says about the national picture by including Cheshire? Can he describe how successful Cheshire has been in achieving those goals?

Jim Fitzpatrick: As my hon. Friend suggests, modernising the fire service is a challenging task. Cheshire fire and rescue service, led by Chief Fire Officer Steve McGuirk, has been at the forefront of many positive, new initiatives, which include supporting our programme of home fire risk visits for the most vulnerable, installing some 10,000 free smoke alarms and pioneering innovative working with young people, including young offenders, as well as dealing with the industrial risk pertinent to the locality. I am sure that Cheshire fire and rescue authority is grateful to my hon. Friend for his full support in making the county a safer place to live and work.

Andrew Stunell (Hazel Grove) (LD): May I congratulate you on your return to the Chair, Mr. Speaker? We are delighted to see you.

The Minister will know that three schools a day suffer fire damage in this country. Most of those fires involve arson and most are started by pupils. The increasing number of them started in school time are putting more children's lives at risk. Will the Minister now require all new and extended schools to have a sprinkler system installed to safeguard against that risk?

Jim Fitzpatrick: The Department is very well aware of the increasing risk to schools from arson and accidental fires. Using building regulations approved document B, we have been consulting on the installation of sprinklers generally. The Department for Education and Skills is in the lead in considering building bulletin 100 and a revision of the provision of sprinklers in schools. Its consultation will conclude later this year, and we are looking forward to that to find out whether we can move forward on this very important issue.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): Retained firefighters play a very valuable role in the fire and safety service, particularly in rural areas. Will the Minister consider ways in which retained firefighters could play a much stronger role in fire prevention, as well as in firefighting?

Jim Fitzpatrick: My hon. Friend makes a very important point. Retained firefighters cover some 35 per cent. of the United Kingdom. A retained firefighters working party was set up by the Department and the Chief Fire Officers Association last year. There were 51 recommendations, as I think that she is aware, on how the retained fire service can participate better in community fire safety, as well as on improving the position of retained firefighters. That review is being examined. The recommendations are being taken forward, and I am sure that they will improve the lot of the retained fire service and its ability to contribute to fire safety in general.

Mr. Philip Hollobone (Kettering) (Con): With regard to the Department's fire control project, what chance has the Minister had to liaise with those in Fire Brigades Union region 6 in the east midlands who have written to regional MPs to say:

"We still believe that the Fire Control project has a high risk of project failure because of the reliance on untried technology"?

Jim Fitzpatrick: I believe that I have probably written to the hon. Gentleman directly, and he may recall that I said in my correspondence that the quote that the Fire Brigades Union is using is taken out of context from an analysis of an initial examination of the regional fire control project. We are fully supportive of the regional control project. We believe that the FBU's misgivings are badly placed. The first three control rooms are under construction. We are pushing ahead with the scheme, which will provide a much more efficient control,

communications and mobilisation system for the fire and rescue service, and we believe that it will be online by 2009.

Mrs. Caroline Spelman (Meriden) (Con): May I also say how pleased I am to see you in the Chair, Mr. Speaker? The Minister may be aware of two recent serious arson attacks at schools in my local authority area, but far from being isolated cases, a report published by the Office of the Deputy Prime Minister last year admitted that the number of deliberate fires rose by 40 per cent. between 1998 and 2002. Why, then, have the Government cut their target for reducing the number of deliberate fires from 30 per cent. to just 10 per cent. by 2010? Is that not an admission of defeat?

Jim Fitzpatrick: On the contrary. The hon. Lady acknowledged that her statistics on arson attacks relate to 2002, but the latest figures from last year demonstrate that fewer than 100,000 arson attacks were committed—26 per cent. below the 10 per cent. reduction target that we set for 2010. We have set ambitious but realistic targets to deal with arson right across the piece. It is a combined effort between ourselves and the Home Office through the arson taskforce and we are making good progress. In that regard, the fire and rescue service and local authorities should be commended.

Traveller Sites

3. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet representatives of the Local Government Association to discuss Traveller sites. [63754]

The Minister for Housing and Planning (Yvette Cooper): The Department is working closely with the Local Government Association on Gypsy and Traveller sites. I met the Local Government Association in February and September, and officials in the Gypsy and Traveller unit met the LGA earlier this month. We expect to continue regular discussions.

Mr. Bellingham: Does the Minister recall the Deputy Prime Minister saying that when it comes to allocating Traveller sites and issuing enforcement proceedings against illegal Travellers, the views of local councils should prevail? Why does her Department often overrule local councils, particularly in the case of the Crays Hill site at Billericay? When it comes to a sensitive issues such as Traveller sites, surely the views of local people and local democracy should prevail.

Yvette Cooper: The hon. Gentleman will be aware that I cannot comment on individual cases. I hope that he would also recognise that if we are to deal with difficult problems relating to unauthorised sites, which cause huge distress for local communities, we must do so in a balanced and sensible way. That means providing more alternative appropriate sites to deal with the shortage and improving enforcement. We are working closely with local councils and the LGA across the country. We have already offered Basildon help to find alternative sites, but the council has to acknowledge some responsibility as well.

Julie Morgan (Cardiff, North) (Lab): I welcome the plan for more sites, but has my hon. Friend discussed with the LGA or local councils the tenancy rights of Gypsies and Travellers? Does she support greater security of tenure for Gypsies and Travellers who are on official sites?

Yvette Cooper: My hon. Friend is right. We recognise that that is an important issue, which has also been raised by court cases. We will be looking further into the matter, but I have to say that our priority at the moment is ensuring an increase in the number of sites to address the shortage and improving enforcement on inappropriate sites.

Mr. James Gray (North Wiltshire) (Con): The Deputy Prime Minister told us that one of the criteria for deciding whether to evict illegal encampments at places such as Minety in my constituency is the degree to which proper provision has been made elsewhere in the country. By what mechanism can the county judge whether proper provision is being made, given that most of the Gypsies are coming in from Ireland, Poland and elsewhere? How can we judge the requirements and decide whether sufficient sites are being provided?

Yvette Cooper: We think that local authorities need to carry out proper needs assessments for Gypsy and Traveller sites just as they do for housing accommodation more widely. We have set out detailed guidance for local authorities to help them to achieve that and I would be pleased to send a copy to the hon. Gentleman if he thinks it would be helpful. The problem of unauthorised sites and site shortages has increased since the Conservatives abolished the duty to provide sites in the first place.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): There is a desperate need for more sites in Kent. Is there a time scale for Kent county council to nominate sites for Gypsies who want to live on them permanently?

Yvette Cooper: We hope that local authorities would already be starting work to identify appropriate sites. That is an important way of removing some of the pressures, tensions and the real difficulties that we see with unauthorised sites. We would hope that local authorities would do that through the planning process—the issue is partly about identifying private sites as well as publicly provided sites—that is under way at the moment. I am happy to give my hon. Friend further details of the planning timetables in his area.

Housing Market Renewal and Regeneration Zone Boards

4. **Paul Farrelly** (Newcastle-under-Lyme) (Lab): What progress is being made on the planned merger of the housing market renewal and regeneration zone boards in north Staffordshire. [63755]

The Deputy Prime Minister (Mr. John Prescott): On behalf of Labour Members, Mr. Speaker, may I add my voice to those welcoming your return to the Chamber?

Partners in north Staffordshire have made good progress on achieving closer integration between the regeneration work undertaken by the renewal pathfinder and the regeneration zone. To date, they have established a joint commissioning sub-board and a joint development team. The expectation is that this will lead to the establishment of a single merged board in the near future.

Paul Farrelly: I thank my right hon. Friend for that reply and for the £67.5 million of second-stage housing market renewal funding, which is really making a difference in north Staffordshire. There are, however, still issues about joined-up delivery of regeneration locally, which also takes in regional generation zones and our regional development agency. Will he therefore be prepared to meet me, other north Staffordshire MPs and colleagues from the Department of Trade and Industry to see how we can improve delivery in the future for the benefit of all the people of north Staffordshire?

The Deputy Prime Minister: I thank my hon. Friend for his kind remarks. By 2008 we will be spending £1.2 billion on the pathfinder programme, which has been very successful. I would be very happy to meet him and to talk to the DTI, which has direct concern for matters concerning the regional development agencies. If he and his hon. Friends contact me, I am sure that we will be prepared to discuss the issues with him.

Alistair Burt (North-East Bedfordshire) (Con): The acceptability of the housing market renewal initiative and the pathfinder scheme in north Staffordshire is based on its moderate scale and its sensible balance between demolition and refurbishment, and those two factors are missing in the Liverpool pathfinder scheme. When will the Deputy Prime Minister react to the growing criticisms about Liverpool, which have been repeated in the Audit Commission's concerns and which are denying the scheme the support of the public and his own MPs? Between us, does he not think that the more modest north Staffordshire scheme is a rather better model to be following?

The Deputy Prime Minister: No. The hon. Gentleman's basic criticism is of the Merseyside pathfinder scheme, but let me make it clear that the whole programme of £1.2 billion in payments for the nine pathfinder schemes up until 2008 will refurbish 30,000 houses, have a new build of 15,000 houses and lead to the demolition of only 10,000 houses, which is a small but necessary part of the programme. In Liverpool, 50 per cent. of the population have moved out of the area concerned, so it is not surprising that an awful lot of low-quality houses are empty there.

The hon. Gentleman referred to the criticism, but the answer to that comes from the residents themselves. When they gave their response to an unfair article by Simon Jenkins, they said about their houses:

"They are now unfit as homes for families who deserve better. The campaigners, conservationists and critics don't have to deal with 125-year-old properties that are damp, decaying and expensive to heat—let alone with collapsed Victorian sewerage systems, now overridden with rats."

The people living there are pressing us to get on with the programme.

Joan Walley (Stoke-on-Trent, North) (Lab): May I say to my right hon. Friend that I really welcome the £67.5 million that we have for housing renewal in north Staffordshire? Further to the reply that he just gave to my hon. Friend the Member for Newcastle-under-Lyme (Paul Farrelly), will he, when looking at the talks that need to take place with the DTI, also consider that the way in which local authorities deal with their single regeneration budgets needs to be part of the delivery mechanism? We have a once-in-a-lifetime opportunity to build and renovate homes and provide new jobs side by side in north Staffordshire. We want him to help us really lead on how we can deliver to areas that have lost so many jobs in the recent past.

The Deputy Prime Minister: My hon. Friend makes an important point about two bodies. One is dealing with jobs and regeneration and the other is dealing with homes, and it is important that we get the best co-operation between them. I know that she and other Members from north Staffordshire have been clear about meeting Ministers to discuss this issue, and I would be delighted to take up her offer. When she comes along with her friends, we can have that discussion.

Community Fire Safety Strategy

5. **Mr. Andrew Dismore** (Hendon) (Lab): If he will make a statement on his Department's community fire safety strategy. [63757]

The Minister for Local Government (Mr. Phil Woolas): We are providing fire and rescue authorities in England with £25 million for home fire risk checks and making a further £11.4 million available to support their fire prevention work. We are continuing national awareness campaigns and providing new fire safety education and teaching material for all schoolchildren.

Mr. Dismore: May I welcome the Government's emphasis on fire prevention, but may I also raise the future of the National Community Fire Safety Centre, the strategic body for planning and developing community fire safety initiatives? With only one staff member now in post out of the original four, will my hon. Friend confirm whether it is to continue and, if so, where it will be based and what staffing levels and terms of reference it will have?

Mr. Woolas: I can confirm that the National Community Fire Safety Centre will continue. I met officials yesterday about that very point. I congratulate my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), the Minister with responsibility for fire services, who has promoted the work of the centre, most recently on the "See Hear" programme on national television. The centre is staffed by an official from the Office of the Deputy Prime Minister, but works in conjunction with fire and rescue services and local authorities throughout the country.

Michael Fabricant (Lichfield) (Con): I have some good news—*[Interruption.]* I have. The Staffordshire fire service not only provides poorer areas with free smoke alarms, it provides an exchange service for electric blankets. The Minister will know that, quite often, it is electric blankets that cause house fires. Are those schemes being taken up by other fire services and, if not, why not?

Mr. Woolas: I thank the hon. Gentleman for the good news. I can confirm that other fire and rescue authorities are taking up those schemes. Our strategy, which is supported by fire authorities across the political spectrum, is to move more towards prevention. May I use this opportunity to give the House even more good news, which I know hon. Members will welcome? Accidental fire deaths in the home nationally are down. There were 219 deaths in the 12 months to 30 June 2005, compared with 277 tragic deaths a year earlier—a fall of 21 per cent. That is part of a six-year downward trend. I thank the hon. Gentleman for his question.

Thurrock Development Corporation

6. **Andrew Mackinlay** (Thurrock) (Lab): If he will make a statement on the work of the Thurrock development corporation since its inception. [63758]

The Minister for Housing and Planning (Yvette Cooper): My hon. Friend will know that I visited Thurrock at the end of February to see the work of the development corporation. He and I are due to meet shortly to discuss that. The urban development corporation now has negotiations under way on site acquisitions to support about 6,000 new jobs and 5,000 new homes. It is also supporting individual infrastructure projects ranging from Rainham marshes to Grays police station.

Andrew Mackinlay: I thank the Minister for agreeing to meet me this week. I welcome that opportunity. Will she paint a picture of what answer I could expect about the progress made if I were to ask the same question 12 months from now?

Yvette Cooper: Much of the progress that will need to be made relates to the site acquisitions that need to underpin some of the major developments. We have to be realistic: some of those developments will take time. However, the message that I have given to the board of the urban development corporation is that it also needs to increase its community engagement and consultation so that local people are closely involved in the development of the plans, some of which will be delivered faster than others.

Michael Gove (Surrey Heath) (Con): The regeneration of Thurrock is a key aspect of the development of the Thames Gateway, but the Labour party's own think-tank, the Institute for Public Policy Research, has warned that, in driving forward the regeneration of Thurrock, the Government have not done enough to consult local communities, guarantee infrastructure and respect environmental concerns. What steps are Ministers taking to take local people with them in pressing ahead with much-needed development?

Yvette Cooper: I am glad that Members on the Opposition Front Bench now support the Thames Gateway, given that they opposed it more than a year ago. I agree that we need investment in infrastructure and support for the environment, including investment in things such as the Rainham marshes. However, investment in infrastructure costs money and as long as the hon. Gentleman's party continues to oppose the principle of the planning gain supplement and have a third fiscal rule, it simply could not fund the regeneration that the Thames Gateway needs.

Housing Market Renewal Initiative

7. **Mr. John Whittingdale** (Maldon and East Chelmsford) (Con): What representations he has received on the housing market renewal initiative in the north-west; and if he will make a statement. [63759]

The Minister of Communities and Local Government (Mr. David Miliband): We have had a range of representations on the four housing market renewal pathfinders in the north-west, most of them supporting the proposals put forward by the four pathfinders in the region.

Mr. Whittingdale: Despite the Minister's answer, is he aware that when the Culture, Media and Sport Committee recently visited the Welsh streets area of Liverpool, the first thing that we saw was posters in local residents' windows saying "Save our homes"? Instead of investing in refurbishment, why are the Government determined to press ahead with the mass demolition of many homes that are rising in value, of historical importance and greatly loved by the people who live in them?

Mr. Miliband: I hope that the hon. Gentleman and his Committee will look at the facts before publishing their report. Refurbishment and new build in the Liverpool pathfinder area to which he refers represented 1,911 houses in 2005–06. The demolition that he says is happening all over the place represented 39 houses. I hope that he will stick to the facts, rather than the rhetoric.

Andrew Gwynne (Denton and Reddish) (Lab): I congratulate New East Manchester on the work that it is doing in an area that borders my constituency. However, is my right hon. Friend aware that many of the problems surrounding buy-to-let and absentee private landlords that afflicted areas such as east Manchester are now arising in areas such as Denton and Reddish, although they are being resolved in adjacent renewal areas? What efforts are being made to ensure that the problems are tackled and not merely displaced to neighbouring areas?

Mr. Miliband: My hon. Friend makes an important point about the balance among new build, refurbishment and demolition. I know about the New East Manchester project and agree that it has done some outstanding work. I am sure that my hon. Friend the Minister for Housing and Planning will want to examine the specific issue of buy-to-let in the area.

Building Regulations

8. **Andrew Selous** (South-West Bedfordshire) (Con): What assessment he has made of the impact of building regulations on the environment; and if he will make a statement. [63760]

The Minister for Housing and Planning (Yvette Cooper): The new part L of the building regulations that has come into force this month should improve energy efficiency standards by 40 per cent. compared with 2002. We propose to consult this summer on improvements to water efficiency.

Andrew Selous: Why do the Government not make higher environmental standards compulsory for new homes, given that companies such as Bedfordshire-based Agrifibre Technologies can build highly energy efficient homes for as little as £40,000 each?

Yvette Cooper: We are making higher energy efficiency standards compulsory. From this April, it will be compulsory to increase the energy efficiency standards in new homes by 40 per cent. compared with 2002. The hon. Gentleman might not be listening, but that is compulsory. It is a real and tangible policy to deliver energy efficiency for warm homes, not just warm words.

David Taylor (North-West Leicestershire) (Lab/Co-op): While, of course, energy efficiency and the reduction of carbon gas emissions are significantly important for environmental reasons, does the Minister remember our correspondence about the chimney industry in North-West Leicestershire? An inflexible approach on the implementation of revised building regulations will lead to the loss of the chimney from new British homes, which will be aesthetically damaging. A hermetically sealed home is not good in health terms, and the proposal will be economically disadvantageous to numerous firms in North-West Leicestershire.

Yvette Cooper: My hon. Friend raises the matter on behalf of firms in his constituency. We have examined the situation in detail and think that there are ways in which the industry can respond. We also think that it is important to make such energy efficiency improvements.

Regional Assemblies

11. **Philip Davies** (Shipley) (Con): What powers and responsibilities the Government have transferred to regional assemblies in the last two years. [63763]

The Minister of Communities and Local Government (Mr. David Miliband): Further to the answer that I gave the hon. Gentleman on 8 March, I have now written to the eight regional assemblies outside London confirming that I am content for them to assume responsibility for the regional housing board following the recommendations of the Barker review.

Philip Davies: I thank the Minister for his reply. What lessons has he learned from the result of the referendum in the north-east on regional assemblies? As a consequence of the result, will he consider not tinkering with regional assemblies or giving them more powers, but abolishing them altogether, which is what the public want?

Mr. Miliband: The lesson that we learned from the north-east referendum result was that people did not want elected regional assemblies, which is why we are not proposing them. However, the role of local councillors in speaking up for their areas on the regional assemblies is important. The hon. Gentleman would do better in his area to follow the words of the shadow Chancellor, who said that we want houses where we need to build them, rather than opposing them on his website all the time.

Coalfields Regeneration Trust

13. **Mr. Michael Clapham** (Barnsley, West and Penistone) (Lab): What assessment he has made of the impact of the Coalfields Regeneration Trust on coalfield renewal; and if he will make a statement. [63765]

The Minister for Housing and Planning (Yvette Cooper): The Coalfields Regeneration Trust has made a huge impact in coalfield communities, supporting local community campaigns and skills and training as well.

Mr. Clapham: I thank my hon. Friend for her answer and, in particular, pay tribute to the work of the Deputy Prime Minister in bringing forward the Coalfields Regeneration Trust. Does my hon. Friend agree that there is still much more to be done and so there is a role for the Coalfields Regeneration Trust well into the future?

Yvette Cooper: I agree that there is still an awful lot to do, but we are now seeing growth in jobs and income, and support for local communities in our coalfield areas which, frankly, were neglected by the Opposition for far too long.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [63712] **Dr. Nick Palmer** (Broxtowe) (Lab): If he will list his official engagements for Wednesday 19 April.

The Prime Minister (Mr. Tony Blair): First of all, Mr. Speaker, welcome back.

Before listing my engagements, I am sure that the whole House will join me in sending condolences to the family of Lieutenant Richard Palmer of the Royal Scots Dragoon Guards, who was killed in Iraq at the weekend. He was doing an essential job for the security of the region and the wider world. We owe him and others who have lost their lives a tremendous debt of gratitude, and we pay tribute to their dedication and to their courage.

This morning, I had meetings with ministerial colleagues and others in addition to my duties in the House. I will have further such meetings later today.

Dr. Palmer: Now that everyone has suddenly gone green, will the Prime Minister report on progress in achieving consensus on the Government's climate change levy, which reduces carbon emissions by 14 million tonnes every year?

The Prime Minister: The climate change levy will be responsible for over a quarter of the total expected UK emissions since 1990, so it is of vital importance. It is completely inconsistent for anyone to say that they care about reducing CO_2 emissions but oppose the climate change levy. May I point out that this country will not merely meet its Kyoto targets but meet them by double the amount?

Mr. David Cameron (Witney) (Con): Thank you, Mr. Speaker, and welcome back. May I start by agreeing with the Prime Minister about Lieutenant Richard Palmer, who died serving his country? Many people will have heard the moving tribute from his father, and we should recognise the family's courage too.

The heads of four children's hospitals, including Great Ormond Street, have warned that vital specialist children's services may be lost this year. They have been battling to get that message through to the Department of Health for 18 months. Why does the Prime Minister think that that has happened?

The Prime Minister: There is a negotiation over the tariff. There is a single tariff in the payment-by-results system throughout the NHS, which is a necessary part of the reform. All those four hospitals have received a very substantial increase in funding over the past few years—that has led to extra numbers of nurses and consultants—but it is important that they, like everyone else in the health service, live within their means. I have no doubt at all that the negotiation over the tariff will continue in subsequent years.

Mr. Cameron: These hospitals have told us that that they will have to make deep cuts, and anyone who knows about them, including Great Ormond Street, knows that they have to deal with complex and difficult cases. Is not this just a case of mismanagement?

Let me turn to another example of mismanagement. The Chancellor's guru, Derek Wanless, has admitted that a far higher proportion of the increase in spending on the health service has been swallowed by staff costs than he intended. The contracts for GPs and consultants have turned out to be much more expensive than the NHS expected. Who is to blame for that piece of mismanagement?

The Prime Minister: I do not accept that GPs, nurses or consultants are overpaid. *[Interruption.]* I am very pleased that there is a difference between the two political parties. Incidentally, it is nonsense that lots of GPs are earning £250,000 a year—the actual average is under £100,000—but it is true that our GPs are now the best paid in Europe. I think that that is good. It is true that we have increased nurses' pay—I think that that is also good. It is also true that as a result of the dedication of nurses and doctors we are reducing waiting times in the health service, reducing waiting lists and improving cancer and cardiac services. May I point out to the right hon. Gentleman that overall the proportion of money spent on pay in the national health service has not risen in the past eight years but fallen?

Mr. Cameron: If the Prime Minister thinks that those contracts were well negotiated, he is the only person in Britain who does. Why has Professor Aidan Halligan, who is the nation's No. 2 doctor, said that the NHS suffers from "a leadership void", that it is "rudderless" and that

"real reform has been a deceit"?

He has spent years in the Department of Health, so why does he say those things?

The Prime Minister: If that is what he has said, I entirely disagree with him. The right hon. Gentleman has said that there is a great mystery about what has happened to the money that has gone into the NHS, so let me tell him where it has gone in his area. In 1997, more than 10,000 people in the Thames Valley strategic health authority area waited more than six months; today, the figure is 12. In 1997, more than 2,500 patients waited longer than 13 weeks for their out-patient appointment; today, the figure is none. There are also 3,000 more nurses, 162 more GPs—no doubt the right hon. Gentleman will tell them that they are paid too much—and 400 more consultants. A £155 million private finance initiative scheme is under way to relocate services provided at Radcliffe infirmary; there is a £112 million scheme to provide cancer services; £29 million has been allocated for the expansion of cardiac services; and £37 million has been provided for the redevelopment of the Nuffield orthopaedic surgery. The money has gone on cutting waiting lists and waiting times, improving cancer and cardiac services and providing more nurses and doctors. It is money well spent, and every penny piece of it was opposed by the Conservative party.

Mr. Cameron: If the Prime Minister wants to come to my constituency, he is welcome. I will take him to Moorview hospital for the mentally ill, which is earmarked for closure under his Government. Perhaps he will explain to the staff and the patients why it will be shut. He could spend some time trying to find an NHS dentist, although he would have more luck looking for Lord Lucan riding on Shergar.

It is not only top doctors who have made such points, but Britain's most senior nurse, Beverley Malone, who has said that

"the Government is in denial"

and that

"patients are suffering and nurses are losing their jobs".

The truth is that jobs are being lost because of Government mismanagement and a failure of leadership. Did he not begin his prime ministership by promising 24 hours to save the NHS? Why is he ending it presiding over the biggest administrative chaos in the NHS's history?

The Prime Minister: What ridiculous nonsense: 50 per cent. of the deficit is in 7 per cent. of organisations, which should suggest, even to the right hon. Gentleman, that the majority of organisations are in surplus or breaking even. No matter how much money is put in, it

is important that there are proper rules for financial accountability, which we are introducing. It is absurd to say that the NHS has not improved. For example, look at what has happened to cardiac care in the past few years, because many people used to die while waiting for heart operations. When we took office, people used to wait for an average of a year—some people waited for two years—to get a cataract operation, but the wait is now less than three months. The right hon. Gentleman has talked about nurses, and there are almost 190,000 extra front-line staff in the NHS today who are better paid than ever before. Whatever happens, the Labour party believes in building up the NHS; the Tory party believes in undermining it.

Mr. Michael Meacher (Oldham, West and Royton) (Lab): Can the Prime Minister seriously consider an attack on Iran on the ground that it continues to develop dual-use enriched uranium, when India, which, unlike Iran, has never signed the non-proliferation treaty, has just been given the go-ahead by the Bush Administration to advance its fast breeder nuclear reactor programme, which is ideally suited for the production of plutonium for nuclear weapons? Will my right hon. Friend give the House an absolute assurance that he will not support any attack on Iran?

The Prime Minister: First, I support the arrangement between the United States and India, which is a very different proposition from Iran. Secondly, I have said consistently that Iran is not Iraq and that nobody is talking about a military invasion. However, I must say to my right hon. Friend that when the President of Iran is talking about wiping Israel off the face of the earth and when young people are signing up to be suicide bombers directed at US, UK and Israeli targets with at least the tacit acceptance of, and possibly at the instigation of, the Iranian regime, this is not the time to send a message of weakness.

Sir Menzies Campbell (North-East Fife) (LD): From these Benches, Mr. Speaker, may we offer you a very warm welcome back? I also associate myself with the expressions of sympathy to the friends and family of Lieutenant Palmer.

Staying on the issue of Iran, the Foreign Secretary has said that military action against Iran would be inconceivable and that to use nuclear weapons would be nuts. Does the Prime Minister agree with him?

The Prime Minister: As I said a moment or two ago and have said constantly, nobody is talking about a military invasion of Iran or military action against Iran. We are taking diplomatic action through the United Nations Security Council. I repeat to the right hon. and learned Gentleman what I said to my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher) a moment or two ago. Let us be quite clear about what is happening and the reason why Iran is in the news headlines. It is because it is in breach of its international obligations and not co-operating properly with the International Atomic Energy Agency. I would have thought that this is the moment for the world to send a clear and united message to the Iranian regime that it has to desist from that and, in particular, to desist from helping and financing terrorist activities around the world and get back into line with its international obligations.

Sir Menzies Campbell: But it is very important to know what that clear and united message is. Yesterday, President Bush said that all options remain on the table. Is there any military option, including nuclear weapons, that the Prime Minister would rule out?

The Prime Minister: As I said, nobody is talking about these things. In respect of the President of the United States, let me just say this. The President of the United States is not going to take any option off the table—neither, incidentally, do I suspect that any President of the United States would at this moment in time. That is perfectly sensible for all the reasons that have been given many, many times by the President himself. However, we are actually pursuing a diplomatic solution to the issue of Iran. That diplomatic solution is now being taken forward in the UN Security Council. There will be a report back by Mr. el-Baradei, I think within the next couple of weeks, and then the UN Security Council has got to sit down and work out what action to take. But it is important that we take action if Iran continues to be in breach of its obligations.

Sarah McCarthy-Fry (Portsmouth, North) (Lab): Labour councillors in Portsmouth wanted pensioners to have free bus travel at all times of day, but the Tories and the Liberal Democrats voted together to offer free off-peak bus travel or free parking vouchers. Does the Prime Minister agree that that is an example of both Opposition parties displaying chamaeleon qualities by pretending to be green but in fact promoting more use of private cars?

The Prime Minister: It will come as no surprise that I entirely agree with my hon. Friend. From this Saturday, those aged 60 and over and disabled people will be entitled to free local off-peak bus travel within their local area. That will benefit 11 million people. In addition, the Budget set a commitment for free off-peak national bus travel for every pensioner and disabled person from April 2008. I have no doubt at all that my hon. Friend is absolutely right, and that is another good reason for voting Labour.

Q2. [63713] **Greg Clark** (Tunbridge Wells) (Con): According to Government figures, 72 per cent. of housing development is now on brownfield sites, but is the Prime Minister aware that two thirds of that figure is accounted for not by brown land but by beautiful, green, environmentally important gardens? Will he join with colleagues on both sides of the House to support my Bill to change the definition of brownfield sites to exclude gardens?

The Prime Minister: Of course, the figure of more than 70 per cent. is well up on the figure of just over 50 per cent. that we inherited, according to the same definitions. I know that the Bill has been tabled for Second Reading on 12 May, when Ministers will be in a position to debate the issues in full. They have not yet made a decision on any proposals on changes in regulations that the Bill is seeking to achieve.

Chris Bryant (Rhondda) (Lab): It must surely have worried every sane and sensible person that yesterday Hamas not only refused to condemn the attack in Tel Aviv, but effectively condoned it. How can the Prime Minister see a way forward so that we can ensure that poverty is tackled in the Palestinian Authority and that civil society is built up, but make it clear that we do not support those who support terrorism?

The Prime Minister: My hon. Friend is absolutely right to draw attention to this issue. We will continue to give the humanitarian assistance that we and others have been giving to the Palestinian people. I think that I am right in saying that Britain is the second largest, or even the largest, bilateral donor to the Palestinian Authority. We will continue that humanitarian help. I hope very much that Hamas realises that those who kill innocent people in this way, by the type of attack that has happened in Tel Aviv, are wicked and irresponsible, but more than that, that they do absolutely nothing to further the process of peace in the middle east or the two-state solution that we all want to see, which is an independent, viable Palestinian state and a secure state of Israel. The only way to do this is through peaceful negotiation.

Q3. [63714] **Mr. Nigel Evans** (Ribble Valley) (Con): As the Prime Minister prepares to help the police with their inquiries, does he feel that it was ill judged to have accepted a £2 million loan from one of his Ministers? Does not that represent a clear and ongoing conflict of interest for the Prime Minister? Did he declare that interest to his Cabinet Secretary? Does he not agree that the whole thing stinks, and that it is about time that he gave the £2 million back to Lord Sainsbury?

The Prime Minister: Lord Sainsbury does a superb job as a Minister and I am proud to have him in the Government.

Q4. [63715] **Mr. Eric Illsley** (Barnsley, Central) (Lab): Will my right hon. Friend revisit the Political Parties, Elections and Referendums Act 2000 to try to prevent the kind of electoral abuse that is occurring in Barnsley, where a group of candidates are standing in the local elections as so-called independents, despite the fact that they have registered as a political party? Does my right hon. Friend agree that the electorate are being misled?

The Prime Minister: My hon. Friend makes a very fair point, but it is also worth paying tribute to what Barnsley council has been doing. It is in the middle of a multi-million pound redevelopment of its town centre and it is investing more than £1,000 a year more per pupil in education. It has also cut crime, particularly domestic burglary and the theft of motor vehicles, by a significant amount in the Barnsley area, so it is doing an excellent job with the resources that it is being given.

Mr. David Cameron (Witney) (Con): The closure of the Ryton plant will be a desperate blow to the 2,300 workers and their families. Does the Prime Minister agree that, once a company has made that kind of decision, the money is best spent not on trying to save old jobs but on training people for new ones? Will he work with the Conservative leaders of Coventry, Rugby and Warwickshire councils to provide the necessary training and other help for those who are losing their jobs?

The Prime Minister: First, I express my sadness at the announcement of the closure of the plant and my sympathy to all those people and their families who are affected. We now have a very well tried and well tested set of arrangements for dealing with situations such as this, in which we work with all the relevant stakeholders to ensure that we do our level best not only to find alternative retraining and jobs for those who are displaced by news such as this, but to develop the economy of the region concerned. When such bad news hits the British car industry, however, it is important to recognise that, over all, the industry remains strong, with more than 200,000 jobs, and that it earns about £10 billion a year for this country. However, none of that can take away the dismay at the loss of so many jobs.

Mr. Cameron: But the news comes at the same time as the fact that manufacturing output is now lower than when Labour came to power. Companies are struggling to pay higher national insurance contributions, to repair the damage done to pensions by the Chancellor's tax raid, and to cope with the highest tax burden in British history. All these things are making Britain less competitive. In the long-term interests of the work force at Ryton and elsewhere, will the Prime Minister take action to start reversing that decline?

The Prime Minister: I do not agree with the right hon. Gentleman's analysis of what is happening. Let us be clear: there has been a loss of manufacturing jobs in all the major developed economies. Let us take the car industry as an example. Mini, Land Rover and Toyota have all raised production in recent times. The economic stability that has been provided by my right hon. Friend the Chancellor through low interest rates and high levels of employment—I think we have the highest employment rate of any G7 country at the moment—has given us a very good, strong record on jobs and on unemployment. It is inevitable that there will be job losses from time to time, but, as I understand it, Peugeot has also taken out two shifts at its French plant, resulting in the loss of about 1,500 jobs, and one shift at its Spanish plant. I suspect that this is to do with the global market, and with the company concerned, rather than with the issues that the right hon. Gentleman has raised.

Q5. [63716] **Mr. Mark Todd** (South Derbyshire) (Lab): When faced with an angry mob in Iraq two years ago, the first thought of my constituent, Russell Aston, and five other military policemen was to deal with the safety of those whom they were training to be police officers and their helpers. They did that successfully. They then responded non-violently to the mob. Does the Prime Minister believe that there are adequate ways of recognising the ultimate sacrifice that some of our servicemen make when carrying out peacekeeping roles?

The Prime Minister: I join my hon. Friend in paying tribute to each of those members of the Royal Military Police who lost their lives in June 2003. They were

immensely brave people who made the ultimate sacrifice for their country and the security of the wider world, and we owe them an immense debt of gratitude. As he knows, any awards would be made not by Government but by the military. I agree, however, that it is always important that we consider ways of marking the contribution made by such gallant people in extremely difficult circumstances in which they paid with their lives for the benefit and security of the wider world.

Q6. [63717] **Mr. Phil Willis** (Harrogate and Knaresborough) (LD): May I take the opportunity, after the local elections, to invite the Prime Minister to come to Harrogate theatre, where the play, "Cut and Run", is being performed? He will know that that is a classic farce about the running of the national health service. Will he then visit with me the local three-star foundation hospital, which has delivered on every target that he and his Government have set and has exercised financial prudence every year in balancing its budget? This year, however, it must close a ward of 31 surgical beds and a unit that deals with the rehabilitation of people with disabilities. How will this period of boom and bust help my constituents? If he cannot help to save those two wards, will he join the cast?

The Prime Minister: I do not know about the individual position of the hospital in the hon. Gentleman's constituency. He is right, however, that that hospital has met all the targets for the reduction of waiting lists and waiting times, and that it has received substantial increases in investment. As a result of that, as I understand it, it is employing many more nurses, doctors and consultants. Whatever amount of money any Government put into the national health service, hospital trusts will have to live within their means. Otherwise, we will not have the proper systems and financial accountability in place. I am happy to examine the individual circumstances that he mentioned, but most people in his area would accept, as in other constituencies, that the national health service is in a much better state than it was eight or nine years ago.

Kate Hoey (Vauxhall) (Lab): Will the Prime Minister reconsider the proposed changes to the funding of adult education? Is he aware that those changes will mean that the types of course that wonderful colleges such as Morley in my constituency can offer will be severely restricted, and that many thousands and millions of people whose lives have been enriched by adult education will be affected by those changes?

The Prime Minister: We will consider that carefully. Obviously, there must be a balance in relation to how we spend money to ensure the most effective use for the work force that we want to build. I am also aware of my hon. Friend's point about leisure activities and the ways in which people enhance and enrich their lives through such courses. There always has been and will be a balance between the amount of money that we put into that and the amount that we put into the skills of the work force.

Q7. [63719] **Peter Bottomley** (Worthing, West) (Con): The Prime Minister has said previously that he would be surprised if waiting times for hearing tests and hearing aids were longer now than when he came into office. Will he ask his Cabinet colleagues who have English constituencies to indicate now if they know that their waiting times have grown longer in the past 12 to 18 months? Would he like to come down to Worthing, where waiting times are double what they were when he came into office, and explain to a well-run hospital and a financially prudent primary care trust why they must suddenly and unexpectedly save £1 million a month?

The Prime Minister: I do not know about the particular issue of hearing, but waiting times and waiting lists for patients for operations in the hon. Gentleman's constituency must have fallen dramatically. In relation to the numbers of people employed, in his area—*[Interruption.]* I can only tell him that the facts that I have are—[HON. MEMBERS: "What about reality?"] Well, this is the reality—2,000 more nurses is a lot of reality even for the hon. Gentleman. Yes, there have been overspends in his area, which will have to be dealt with. However, that would be the case no matter what amount of money we put in. It has to be done. If we end up with a system that is more financially secure, that is to the benefit of people in his area, not to their disbenefit.

Q8. [63720] **Meg Hillier** (Hackney, South and Shoreditch) (Lab/Co-op): In Hackney, we have seen GCSE results improve dramatically in recent years. We already have one city academy, and there are three more in the pipeline. Does my right hon. Friend agree that the fact that 53 per cent. of children in one of the poorest boroughs in the country are not achieving means that the city academy programme is essential for those children in the poorest neighbourhoods in Britain?

The Prime Minister: I agree with my hon. Friend 100 per cent. The city academy programme is delivering for some of the poorest and most disadvantaged kids in the whole of our country. Children who were ignored for years under the Conservatives are being given the chance of a decent education. There is one test: are parents trying to get their children into those schools, or out of them? They are trying to get their children into them, and for good reason.

Q9. [63721] **Mr. Michael Jack** (Fylde) (Con): The World Health Organisation told us recently that in Zimbabwe female life expectancy is now the lowest in the world at 34. Inflation is running at 913 per cent, and someone can be arrested for selling tomatoes on a street corner. In the light of the Prime Minister's commitment to the Commission for Africa, can he explain why western diplomatic efforts appear to have been impotent to date in dealing with the human tragedy that is continuing to unfold in Zimbabwe?

The Prime Minister: The right hon. Gentleman is absolutely right in his analysis. The question is, what is the solution? I am afraid that the solutions are necessarily limited. Yes, what the regime in Zimbabwe is doing is a disgrace. People are suffering in a country that is potentially wealthy. We as a nation have had to give humanitarian assistance and food aid to people in circumstances in which, if the country were properly run, they could be looked after properly. The only issue is what we can do about it. What we are doing in this

country is our very best to ensure that the right diplomatic pressure is put on the Zimbabwean regime to change, but I am afraid that there is a limit to what we can do.

I believe that while Zimbabwe remains as it is, it casts a shadow over that whole part of southern Africa. It is a tragedy, particularly—as the right hon. Gentleman rightly says—for the people concerned.

Q10. [63722] **Mr. David S. Borrow** (South Ribble) (Lab): The district councils in Lancashire have failed to reach agreement on a Lancashire-wide bus pass scheme. I am told by the county council that the Government provided enough money for such a scheme to be established, but that some district councils have spent money on things other than pensioner bus passes. Will my right hon. Friend look into the matter and ensure that the money provided by the Chancellor is spent for the purpose for which it was intended?

The Prime Minister: It certainly should be spent for that purpose. I gather than we have put about £350 million into the scheme and it is there to benefit people. There is absolutely no reason why those councils should not take action to benefit pensioners in the way that they wish and ensure that the money that has been invested is used for the purposes for which it was allocated.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Will the Prime Minister offer a credible response to the following question? When his fundraiser-in-chief and tennis partner was offered a £1.5 million donation to the Labour party, why did he refuse it in favour of a £1.5 million loan?

The Prime Minister: I have no intention of giving a running commentary on this, but I can say that I am delighted that so many successful people support the Labour party—and quite right too.

Hospitals (North Staffordshire)

Q11. [63723] **Paul Farrelly** (Newcastle-under-Lyme) (Lab): If he will make a statement on progress with the Fit for the Future plans for the new hospital in north Staffordshire.

The Prime Minister: I understand that the scheme is being reviewed by the local health economy to ensure that it is sustainable in the long term, but on any basis there will be a substantial investment in additional facilities.

Paul Farrelly: The Prime Minister will know of the deficit at my local hospital, where 1,200 jobs are now at risk. The long-planned new hospital is desperately needed to tackle that deficit and the inefficiencies involved in working on a split-site old Victorian complex whose foundation stone was laid back in 1866. Having seen NHS managers last week, will the Prime Minister agree to meet Labour Members as well to ensure that any cuts in response to deficits, or any scaling down of new hospital plans, will not harm patient care?

The Prime Minister: My hon. Friend is absolutely right to draw attention to the importance of the scheme, which is worth about £400 million. He is also absolutely right to draw attention to the need to end the arrangement with the split site. *[Interruption.]* Contrary to what Conservative Members are shouting, it is extremely important for us to make such changes in the national health service. Otherwise, as the chief executive of my hon. Friend's trust explained at the Downing street seminar 10 days ago, we will not be able to take the measures necessary to restore proper financial balance and accountability, and to provide a better service for my hon. Friend's constituents in the long run. Once this scheme goes ahead, there will be greatly improved facilities in north Staffordshire, which will benefit patients and the local health care system.

Engagements

Q12. [63724] **Michael Connarty** (Linlithgow and East Falkirk) (Lab): May I ask the Prime Minister to refocus on the middle east and Israel? According to all the United Nations resolutions and common opinion, a safe and secure Israel under a two-state solution must be based on the boundaries of the 1967 Israeli state. Will my right hon. Friend take this matter seriously and argue in his dealings with the Israeli Government that the only way to achieve a two-state solution is to give up land and to return to the boundaries that Israel secured in 1967, with UN support?

The Prime Minister: If negotiation proceeded, there would of course be a situation in which land was given up by Israel, and we have always stated our support for the basic UN framework for how that should be done. But I hope that my hon. Friend agrees with me that the killing of wholly innocent people in terrorist attacks in, for example, Tel Aviv a couple of days ago, sets back the chance of a proper negotiated solution. I say to the Hamas leadership very clearly that I believe that the whole of the international community stands ready and willing to take forward a negotiated solution on the basis of a fair deal that allows for an independent and viable Palestinian state, provided that, in turn, Hamas are prepared to recognise the state of Israel and to give up violence, which does nothing to make this process work and everything to harm it.

British Overseas Territories

12.31pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I beg to move,

That leave be given to bring in a Bill to make provision about the representation of the British Overseas Territories in the European Union and in Parliament.

The United Kingdom overseas territories are extremely important, so I am extremely pleased that the Leader of the Opposition, my right hon. Friend the Member for Witney (Mr. Cameron), is in his place to listen to me introduce this Bill. I am disappointed that the Prime Minister has left—

Michael Fabricant (Lichfield) (Con): He has scuttled out.

Daniel Kawczynski: Exactly.

This Bill is designed to raise the profile of the United Kingdom overseas territories and to modernise our relationship with them. They are unique and very special to us, so I will name them all: Anguilla, Bermuda, British Virgin Islands, Cayman Islands, Falkland Islands, Gibraltar, Montserrat, St. Helena, Turk and Caicos Islands, Pitcairn Island, South Georgia, South Sandwich Islands, British Indian Ocean Territory, and British Antarctic Territory.

I remember looking at a map of the British empire as a boy and feeling extremely proud of our imperial history and of the achievement of this small island nation. Today, I am equally proud of those 14 remaining British overseas territories, which are important for two specific reasons. Thanks to the Labour Government, in 2002 the citizens of these areas were granted full British citizenship. So 220,000 British citizens live in these territories, and we have a duty and responsibility to look after their interests and to promote them here and in the European Union. We also derive tremendous military benefits from these territories. Their allowing us to use their territory and their surrounding waters gives us a huge military outreach that greatly exceeds the outreach that we would enjoy from our own country alone. We lease some of the land, of course, to our principal ally, the United States, and gain significant financial benefit from those leases, as well as good will from our number one ally.

We are not, however, the only European Union country that has overseas territories. The French and Dutch also have overseas territories and they do everything imaginable to help their overseas territories to battle within the EU to secure as much as possible for them—

Philip Davies (Shipley) (Con): Coming out of the EU would help.

Daniel Kawczynski: Well, that is another matter.

The French and Dutch allow their overseas territories to participate in the elections for their national assemblies and for the European Union Parliament, and provide every assistance for them to lobby effectively in Brussels. As a result, those overseas territories have far more recognition in the EU and secure far more financial assistance than do ours.

The Bill does not go as far as the French and Dutch models, but it would do two very important things. First, it would give our British overseas territories the ability to have representation here in Parliament in the House of Lords. The Prime Minister would be able to appoint two or three extra peers—*[Laughter.]* I make no comment on that. Those extra peers would represent all 14 overseas territories. Secondly, the Bill would enable us to provide specific help for our overseas territories through UKRep, the United Kingdom Representative Office in Brussels, to overcome some of the hurdles, in the form of red tape and bureaucracy, that the European Union throws in their way in allocating money to them. The money is there, but every time that they want to draw money from their accounts, the EU throws more red tape at them. The special service from UKRep in Brussels would allow our 14 overseas territories to overcome those hurdles. The 14 overseas territories are affected increasingly by EU law and they need representation there. They cannot rely on second-hand information passed down from the Foreign Office.

I have met representatives from many of the overseas territories. In fact, this morning I met representatives from the Falkland Islands and the Turks and Caicos Islands. I was greatly upset that some of them said that independence is "inevitable", because I would hate for us to lose any of the remaining 14 overseas territories. They are extremely important to us strategically and historically.

I hope that this Bill will reverse the dissatisfaction that some overseas territories feel towards the Foreign Office and how it ignores them and their concerns. We need to show more solidarity with our overseas territories and the Foreign Office needs to work more closely with them in the European Union to maximise their benefits. I ask for support for this Bill. If passed, it would show the UK overseas territories our determination to improve and modernise our relationship with them and keep them within the British family of nations.

Question put and agreed to.

Bill ordered to be brought in by Daniel Kawczynski, Andrew Rosindell, Mr. Tobias Ellwood, Mr. David Jones and Mr. Stephen Crabb.

British Overseas Territories

Daniel Kawczynski accordingly presented a Bill to make provision about the representation of the British Overseas Territories in the European Union and in Parliament: And the same was read the First time; and ordered to be read a Second time on Friday 12 May, and to be printed [Bill 168].

Eightieth Birthday of Her Majesty the Queen

12.39 pm

The Prime Minister (Mr. Tony Blair): I beg to move,

That an humble Address be presented to Her Majesty to offer the cordial congratulations of this House on the occasion of Her Majesty's eightieth birthday, and to express its appreciation of Her Majesty's unfailing devotion to the duties of State, the Nation and the Commonwealth, and its warmest good wishes for her long continuing health and happiness.

That the said Address be presented to Her Majesty by such Members of the House as are of Her Majesty's most Honourable Privy Council or of Her Majesty's Household.

This week we celebrate the 80th birthday of one of the most respected people of our times, whose sense of duty and service has had a profound impact on our country, the Commonwealth and the world.

Years before the premature death of her father and her unexpected succession to the throne, the then Princess Elizabeth publicly dedicated her life to the service of her nation, but declared that she would need the support of the country to ensure that she could fulfil that promise. She has, as we know, carried out that pledge through all the changes, both in her life and in this country, with extraordinary grace and dedication, and her people, here and across the Commonwealth, who share in the celebration of her 80th birthday this year, have responded, as she hoped that they would, with their affection and support.

In a world that has been transformed in her lifetime, she has been a truly remarkable source of constancy and strength. Our country has faced tremendous trials, witnessed the horrors of the second world war and celebrated some extraordinary triumphs in her 80 years. Throughout, as part of the royal family and as the Queen, she has been a reassuring and unifying presence for her people.

She has also responded to a world that has become smaller and more interdependent than ever by travelling extensively. In all, the Queen has undertaken over 256 official overseas visits to 129 different countries. Her Majesty shows no sign of slowing down. She has just undertaken her 14th tour of Australia, which included the official opening of the Commonwealth games in Melbourne. She attends hundreds of public engagements every year and is an active patron of over 620 charities and organisations. There is simply no aspect of our national life that she does not have an interest in and a deep understanding of.

Her Prime Ministers have better reason than most to know and appreciate her knowledge and experience. I am the tenth Prime Minister to serve her. Like each of my predecessors, I am profoundly grateful for her wise counsel. She has superb judgment, an intuitive empathy with people and, above all, an unshakeable and profound sense of duty. It is that sense of duty that motivates her and defines her reign and, since it communicates itself unobtrusively but none the less obviously to her subjects, brings her the love of the people of this country.

It is difficult in this day and age for the monarchy to balance the natural demands for accessibility and openness with the dignity and majesty of the monarch, but it is a balance that she has struck with immense skill. So I know that I speak for the whole House and, indeed, a grateful nation when I convey to Her Majesty the Queen our best wishes on her 80th birthday and say, "Long may she reign over us."

12.43 pm

Mr. David Cameron (Witney) (Con): I am delighted to associate myself and the Opposition with the Prime Minister's generous tribute to Her Majesty. It is entirely merited. The occasion of anyone's 80th birthday is a matter for rejoicing, but this landmark in the life of Queen Elizabeth, who has reigned over our country so wisely and for so long, is a genuine cause for national celebration.

She has been our queen for 54 years. Through 1,000 years of British history, only Queen Victoria, George III, Henry III and, by a few months, Edward III have sat on the throne for a greater period. As the Prime Minister said, Her Majesty has lived in two centuries through a time of incredible transformation. She served in uniform in the second world war, presided over the dismantling of the empire and Britain's joining of the EU, and witnessed the end of the cold war and the beginning of the new millennium. She has been a rock of stability, calm and good sense in a period of the most turbulent change.

I had my first meeting as Leader of the Opposition with Her Majesty a few weeks ago. As one tries to explain what one is up to, one is acutely conscious that she has heard it all before and seen it all before. Her first Prime Minister was Winston Churchill. Her first Leader of the Opposition was Clement Attlee. I am the 19th Leader of the Opposition the Queen has had to meet; I am sure that, like others, Her Majesty has no doubt noticed that the number has increased all too frequently in recent years. However, she was, as ever, far too polite to point that out.

To me, the Queen personifies two vital principles. The first is national unity. Many things divide us, but the institution of our monarchy and the integrity with which the Queen has carried out her role over almost six decades bring Britain together. I remember celebrating the silver jubilee in the village where I grew up. As a newly elected Back Bencher, I participated in golden jubilee events across my constituency, as other Members did. The Queen means as much to people of my generation as to those in previous ones, as I know that she will in future.

As head of the Commonwealth, Her Majesty presides over an organisation that includes more than a quarter of the earth's population. That that community of nations has endured and thrived through such a tumultuous period in our world's history is due in no small measure to the Queen herself. She is admired and held in affection by everyone, from the most senior dignitary to the youngest schoolchild.

The second principle that the Queen embodies is public service. Throughout her reign she has displayed judgment, tolerance and absolute political neutrality. Her life has been one of selfless duty. From the moment she was born, she has lived in the public eye. I cannot think of a single occasion on which Her Majesty has done or said anything that would damage in any way the institution that she embodies. For all of us in public life, she has set the highest standards in every respect.

In 1947, to mark her 21st birthday, the then Princess Elizabeth addressed the Commonwealth in a radio broadcast from Cape Town. In it, she made a solemn act of dedication to her people. She said:

"I declare before you all that my whole life whether it be long or short shall be devoted to your service."

Today, almost 60 years later, the whole House, indeed the whole world, can agree on how magnificently that vow has been fulfilled.

12.47 pm

Sir Menzies Campbell (North-East Fife) (LD): On behalf of my right hon. and hon. Friends, I join the Prime Minister in congratulating Her Majesty the Queen on her 80th birthday.

Her Majesty is not only our head of state; she is the embodiment of the nation. The milestones in her life have been milestones in the lives of many of us as well. I particularly remember how her coronation after the tragic death of King George VI marked the passing of an era and the drawing of a curtain over post-war Britain. Her silver jubilee, and the golden jubilee that followed, were marked by the warmth and affection of the people of Great Britain.

Her Majesty has truly shown herself to be a steadfast guardian of her people, of the Commonwealth and of our democratic traditions. When we celebrate her birthday, we celebrate the values that have illuminated her life.

Mr. Speaker, God save the Queen.

12.48 pm

Mr. Alan Williams (Swansea, West) (Lab): First, my congratulations to you, Mr. Speaker, on your return.

On behalf of many Members who cannot be in the Chamber as they have other parliamentary duties, I offer my sincere good wishes and congratulations to Her Majesty on her 80th birthday. I congratulate her on her generosity in choosing to share the day with others of her subjects who are also 80 on that day and who are at the palace with her at the moment.

Throughout Her Majesty's long reign, she has meticulously observed the important boundaries between the hereditary monarchy and the rights and powers of the elected House of Commons. We thank her and congratulate her on that. We wish her well. May she long continue in her role.

Rev. Ian Paisley (North Antrim) (DUP): The day we were born is the day we started to grow old. The term usually applies to people of 60, 70, 80, 90 and 100, but the whole of living is one process of growing old. The baby grows old, the child grows old, the youth grows old, the mature person is growing old, and the elderly, like myself, are growing really old.

Our fathers wrote books that contemplated old age and death, and those books are worth reading. We all must leave this world. That is an unalterable fact. Old age, it has been well said, will be bright if we keep our souls from ageing. Sam Weller remarked of Charles Dickens' Mr. Pickwick:

"Blest if I don't think his soul was born 25 years after his body."

He had a young soul. I hope I have a young soul, and I know, Mr. Speaker, that you are helping yourself to have a younger soul by coming back among us.

There is a question that all of us must ask today. It is a simple question: are we allowing ourselves to age in the body, but keeping our souls bright and youthful?

One of the greatest blessings of our nation is our beloved Queen, who is so youthful in her soul. She brings to us all a pleasant youthfulness of spirit. What a privilege to have such a monarch. We have been specially blessed as a nation with such a Queen. She has taught and demonstrated to us all that growing old is not a condemnation, but rather a coronation—a coronation by which we have been enriched. Her royal footprints have left behind her welcoming marks on the sands of time, which we are happy to follow.

"'Twere better youth were age
Than age were youth again
Youth is regardless of the page
Which age would fear to stain."

I trust that as we leave the House today, we will remember the immortal words of the poet Browning:

"Grow old along with me!
The best has yet to be,
The last of life, for which the first was made:
Our times are in His hand
Who saith 'A whole I planned,
Youth shows but half; trust God: see all, nor be afraid!'"

I salute Her Majesty the Queen on a glorious declaration; 80 not out.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): On behalf of the Scottish national party and Plaid Cymru, I add my congratulations to the Queen and wish her many very happy returns. I should like to bring to the attention of the House her good choice of a birthday holiday this year, which is to cruise round my constituency, Na h-Eileanan an Iar. I am sure the good people of the Hebrides wish her well and I hope she enjoys her cruise, particularly around Lewis, Harris, North Uist, Benbecula, South Uist, Barra and especially Mingulay. Ceud mile failte dhan Bhanrighinn agus tha mi an dochas gun cord an turas rithe.

Question put and agreed to.

Resolved,

That an humble Address be presented to Her Majesty to offer the cordial congratulations of this House on the occasion of Her Majesty's eightieth birthday, and to express its appreciation of Her Majesty's unfailing devotion to the duties of State, the Nation and the Commonwealth, and its warmest good wishes for her long continuing health and happiness.

Ordered,

That the said Address be presented to Her Majesty by such Members of the House as are of Her Majesty's most Honourable Privy Council or of Her Majesty's Household.—*[The Prime Minister.]*

Northern Ireland (Miscellaneous Provisions) Bill (Programme) (No. 2)

12.54 pm

The Minister of State, Northern Ireland Office (Mr. David Hanson): I beg to move,

That the Order of 13th March 2006 (Northern Ireland (Miscellaneous Provisions) Bill (Programme)) be varied as follows:

1. Paragraphs 3 to 5 of the Order shall be omitted.

2. Proceedings in Committee of the whole House shall be completed in two days.

3. Those proceedings shall be taken on each of those days as shown in the first column of the Table and in the order so shown.

4. Each part of those proceedings shall (so far as not previously concluded) be brought to a conclusion at the time specified in relation to it in the second column of the Table.

First Day

Proceedings	*Time for conclusion of proceedings*
Clauses 1 to 7, new Clauses relating to Part 1 of the Bill, new Schedules relating to Part 1 of the Bill, Clauses 10 to 12, new Clauses relating to Part 3 of the Bill, new Schedules relating to Part 3 of the Bill.	The moment of interruption on the first day.

Second Day

Proceedings	*Time for conclusion of proceedings*
Clause 19, Schedule 2, Clauses 20 to 22, new Clauses relating to Part 5 of the Bill, new Schedules relating to Part 5 of the Bill, other new Clauses, other new Schedules.	The moment of interruption on the second day.

5. In paragraph 7 of the Order, for "Thursday 27th April" there shall be substituted "Tuesday 2nd May".

The programme motion has been agreed through the usual channels and there will be ample opportunity for consideration of the matters before us. Proceedings in Committee of the whole House will be completed in two days—today and tomorrow—and proceedings in Standing Committee have been extended to Tuesday 2 May.

12.55 pm

Mr. David Lidington (Aylesbury) (Con): I am grateful to the Minister for his explanation. The Opposition are content with what the Government propose.

Question put and agreed to.

Orders of the Day

Northern Ireland (Miscellaneous Provisions) Bill

(Clauses 1 to 7, 10 to 12, 19 to 22 and Schedule 2, and any new clauses and schedules other than those relating to Parts 2 or 4)

Considered in Committee.

[SIR ALAN HASELHURST *in the Chair*]

12.56 pm

Clause 1

ANONYMOUS REGISTRATION

Lady Hermon (North Down) (UUP): I beg to move amendment No. 23, in page 1, line 5, leave out subsection (1).

The Chairman of Ways and Means (Sir Alan Haselhurst): With this it will be convenient to discuss the following: No. 24, in page 1, line 13, leave out subsection (2).

New clause 1—*Anonymous registration*—

'In section 73 of the Electoral Administration Act 2006, in subsection (2)(a) leave out "10".'.

Lady Hermon: On Second Reading, which was not so long ago—13 March—the Secretary of State for Northern Ireland assured the House that

"the Bill provides for the introduction of an anonymous registration scheme and a new late registration window"—

whatever that is. He continued:

"The measures broadly mirror changes being introduced in the rest of the United Kingdom by the Electoral Administration Bill, as the Government believe"—

I am delighted about this—

"that it is right that the citizens of Northern Ireland should enjoy the same rights as those of the rest of the UK."—[*Official Report*, 13 March 2006; Vol. 443, c. 1175.]

So say all of us. The people of Northern Ireland do indeed deserve to enjoy the same rights as those in the rest of the United Kingdom.

Amendments Nos. 23 and 24 would delete provisions in clause 1. I take great exception to the fact that instead of the people of Northern Ireland being treated as the Secretary of State undertook just over a month ago, they are to be treated differently in relation to anonymous registration. I recognise that there are circumstances in Northern Ireland where anonymous registration is essential. Not long ago there was a break-in at a secure office in Castlereagh police station. Files were taken that compromised the security of many members of the security services. Prison officers, police officers and others feel strongly that their details—name and address—can be located if they register to vote in Northern Ireland.

This is a serious issue. Anonymous registration is required when individuals feel that their security—or perhaps that of their family who register to vote in

Northern Ireland and exercise their franchise, as they are entitled to do—would be compromised if their names were submitted on the electoral register. Of course, a balance must be struck to ensure that those who have genuine concerns about their identity being traced by using their entry on the electoral register are covered by a provision for anonymous registration. However, clause 1(1)—the strange and curious provision before us today—refers to a curious animal called

"section 10 of the Electoral Administration Act 2006".

1 pm

As the Minister and other hon. Members will know, there is no such thing as the Electoral Administration Act 2006. That is still a Bill, which is being considered in another place, where it may be amended before it returns to the House. As we all know, after a long voyage of discovery and amendment in another place and in the House, what may appear currently to be clause 10 of the Electoral Administration Bill may become a section with any other number.

I should like the Minister to explain—I will listen very carefully—why the people of Northern Ireland will be treated differently. Once again, they will be treated to the obnoxious procedure of an Order in Council. Clause 1(1) begins with the words "An Order in Council". May I say quietly and gently to the Minister that I am absolutely sick, sore and weary of delegated legislation being used in Northern Ireland? Yesterday, we had a prime example, when the Secretary of State made a statement in the House indicating that he believed that the best way to govern Northern Ireland was by local people. Within an hour, through delegated legislation, the format of local government in Northern Ireland was changed by an Order in Council—no amendment in Committee and no debate on Report or Third Reading. That is an appalling way to legislate for Northern Ireland, and we now see it once again.

Clause 1(1) deals with an Order in Council to provide for anonymous registration in Northern Ireland

"only for purposes corresponding, or similar, to those of"

so-called

"section 10 of the Electoral Administration Act 2006".

If the people of Northern Ireland are to be treated in the same way as the people of the rest of the United Kingdom, as the Secretary of State assured us on 13 March, and clause 1(1) indicates that the Order in Council will only make corresponding, or similar, provision to that already in the Electoral Administration Bill, I wonder whether the Minister will kindly explain why the people of Northern Ireland are not being treated in the same way as those in the rest of the country.

Lembit Öpik (Montgomeryshire) (LD): I very much agree with the hon. Lady that the use of Orders in Council is being increasingly abused by the Government. Does she agree that our cynicism about that method directly results from the Government's recent behaviour in simply pushing through highly significant and profoundly important legislation after a two-hour debate on the Floor of the House? As a result, very few hon. Members have confidence in extending that methodology any further.

Lady Hermon: I am most grateful to the hon. Gentleman for that contribution, which, of course, makes perfect sense, as always.

Mr. Peter Robinson (Belfast, East) (DUP): That is going too far.

Lady Hermon: It is a slight exaggeration, I agree, but I am being generous this afternoon.

I wonder whether the Minister will simply address this question: why should similar or corresponding provisions about anonymous registration, as proposed in this rag-bag of a miscellaneous Bill, not be dealt with in a proper way and a proper place—within the Electoral Administration Bill, which is still being considered in the other House? That Bill could be extended to Northern Ireland. It is a curious fact that, as drafted, clause 10 of that Bill does not automatically extend to Northern Ireland. Surely, the people of Northern Ireland deserve that provision to be taken out of this Bill and given the proper scrutiny in another place and then in the House, instead of being dealt with as delegated legislation.

Mr. Peter Robinson *rose—*

The Chairman: Order. It would be helpful if hon. Members would indicate unambiguously that they wish to catch my eye. I had been looking in the direction of the hon. Member for Montgomeryshire (Lembit Öpik), as he tabled new clause 1. I imagined, perhaps incorrectly, that the Committee would benefit from hearing from him before wider discussion took place.

Lembit Öpik: On a point of order, Sir Alan. I am currently note-wise compromised. I want to check something that the Minister might say before I make my contribution to cover all my bases, so I apologise for my apparently odd behaviour. I shall be very happy to speak a little later.

The Chairman: We must hope that the debate extends long enough for the hon. Gentleman to be adequately prepared.

Mr. Peter Robinson: I shall attempt to filibuster to assist the hon. Member for Montgomeryshire (Lembit Öpik).

I followed the argument adduced by the hon. Member for North Down (Lady Hermon) and I agree with her absolutely about the way in which Northern Ireland business is dealt with in the House, particularly about how legislation is introduced. There can be no adequate alternative to the House dealing with proper primary legislation, particularly on electoral matters. I certainly join her and other hon. Members who have expressed disquiet about the Order-in-Council procedure. Along with the hon. Lady, I was present at the Committee yesterday, and it is a disgrace that no amendment could be tabled for significant Northern Ireland business. I join her entirely on that matter.

[Mr. Peter Robinson]

I also join her entirely about parity, particularly in electoral matters. A very strong case can be made that Northern Ireland should be dealt with in precisely the same manner as the rest of the United Kingdom, particularly in respect of the franchise. I have the same misgivings as the hon. Lady about referring to provisions that have not yet passed all their stages in Parliament. That makes us a little nervous about including this provision.

Again, I join the hon. Lady in saying that anonymous registration has real merits—I shall come to some of those issues in a moment or two—but I am not quite clear why she has moved the amendment by which subsection (1) would be deleted, whereby no provision would be made for anonymous registration. So how would we meet the criteria of parity and be dealt with in the same way as other parts of the United Kingdom? If the hon. Lady had sought to delete subsection (1) and replace it with a substitute, we would probably have been with her all the way, but removing subsection (1) and subsection (2), as she proposed in amendment No. 2, would effectively mean that we had no anonymous registration.

Lady Hermon: Let me clarify the point. In my final remarks, I urged the Minister to ensure that clause 10 of the Electoral Administration Bill, which is currently before another place, extends to Northern Ireland and therefore the same provisions about anonymous registration as those that apply to the rest of Great Britain would extend to Northern Ireland. Therefore, anonymous registration would be covered.

Mr. Robinson: We are dealing with this Bill, and the Committee cannot amend a Bill that is being considered in another House. We must deal with the Bill that is in front of us. Clearly, if the Committee removed subsections (1) and (2), as the hon. Lady asks us to do, we would not have anonymous registration in Northern Ireland. It is particularly important that we have that provision in Northern Ireland, although I endorse the caveats that she mentioned, because I am unhappy about the manner in which the provision is being introduced in the Bill. None the less, I believe that it is essential that that should happen.

I am particularly uncomfortable about approving measures that are subject to provisions that the Secretary of State will produce at some later stage. Anything we say at this stage is subject to the caveat that it depends on whether we approve the later provisions. Clearly, given the different arrangements in Northern Ireland, the provisions will not be identical to those that apply in other parts of the United Kingdom, but they should share the same underlying principles. Establishing a system of anonymous registration for people whose safety could be compromised if their addresses were known is a helpful step forward.

In respect of the consultation responses, I note that Sinn Fein was the only party opposed to anonymous registration, but that is not really surprising. I also found that the Ulster Unionist party put in no response at all, and my party did the same—largely, I assume, because both parties are happy with the Bill. I also note that the Electoral Commission expressed strong support for the introduction of anonymous registration. It is particularly relevant to Northern Ireland in view of threats to the security forces and members of the Prison Service.

My right hon. and hon. Friends will be well aware of IRA intelligence-gathering operations, whether it be the raids at Castlereagh police station and Dundonald house or the Stormontgate affair, after which many people—police officers and others—were informed that their details had been compromised. There is good cause for servants of the Crown to have some anonymity. Many of them could be compromised and when it came to deciding whether to exercise their right to vote or protect their families' safety, they would probably choose not to be registered at all. That would be a most unfortunate set of circumstances to have to deal with and I am sure that the House would not want those circumstances to continue.

Apart from the special circumstances of prison and police officers in Northern Ireland, some more general circumstances apply throughout the UK—to victims of domestic violence, for example. That provides further evidence of the benefits to be gained from allowing anonymous registration. It would help the people affected to live free from the fear of attack. Any scheme would have to be devised with the main aim of protecting the vulnerable without allowing anyone to benefit from not being on the register. Such a balance will always be difficult to strike, but that difficulty cannot be allowed to stand as an argument against the principle of anonymous registration.

When the Electoral Administration Bill was passing through the House, the official Opposition sought to table a probing amendment. Its main principle—that access to anonymous registration should be for those who are at risk rather than those who seek privacy—would be generally accepted by the House. It is important to back up the case for being at risk with suitable documentation from the police or other statutory bodies. On that basis, I believe that the House could be content that the right people had access to the anonymous registration list. All such cases are to be regarded as exceptional rather than usual. Adopting the telephone directory analogy, it should not be as easy to get off the register as to go ex-directory. I hope that, in framing the provisions, the Government will take into account the issue of risk rather than convenience or privacy. The electoral register plays an important role and must be as complete as possible: it should not be changed on account of privacy, but only by reference to safety.

Unfortunately, due to the bad drafting of clause 1, it is impossible to make an assessment of how the arrangements will work in practice. We support the principle of anonymous registration, however, so we continue to support the Bill, but we trust that our business will be dealt with in a more appropriate manner in due course.

Sir Patrick Cormack (South Staffordshire) (Con): I associate myself with the remarks of the hon. Members for North Down (Lady Hermon) and for Belfast, East (Mr. Robinson). I entirely agree with the hon. Lady about Orders in Council, which are indeed a wholly unsatisfactory way of proceeding. We all know why it is done, but it is important for the Government to deal

with the problem. If the Government's deadlines announced from the Dispatch Box yesterday are not met—we all hope that they will be, but know why they might not be—we will have to make some other provisions. It was most unfortunate that an Order in Council, affecting the whole local governance of Northern Ireland, was made yesterday without any opportunity for amendment, particularly when virtually all the political parties in Northern Ireland had expressed real misgivings about the number of the new local authorities to be constituted. That, however, is by the way. It remains an apposite illustration, but I shall not digress any further, Sir Alan, as you would rebuke me. The matter should be dealt with on the record and I hope that the Minister will say something about it.

1.15 pm

The hon. Lady also made a good point about the Electoral Administration Bill and I am particularly concerned about the fact that it will not apply to Northern Ireland. Many hon. Members in their places today will know that the Government were particularly helpful when I sought to amend the Bill to prevent the sort of ridiculous delay that occurred in my constituency last year as a result of the tragic death of one of my opponents. I could not have asked for greater co-operation from any Government, whatever their political complexion, in trying to amend legislation. First, I brought in a ten-minute Bill and the Minister—the right hon. and learned Member for Camberwell and Peckham (Ms Harman)—gave her agreement to what I was trying to achieve, but suggested that it could be tagged on to the Electoral Administration Bill. I readily accepted her suggestion and she and her officials worked closely with me, for which I remain extremely grateful. I am glad to put that on the record again.

However, if the same position arises in Northern Ireland at the next general election and a candidate for any of the Northern Ireland constituencies dies, the hon. Members who represent them would have to go through the long, protracted delay that I had to face. That is absurd, as the problem would not arise anywhere else in the UK. It is therefore essential that the relevant provisions in that legislation come into force for Northern Ireland, at least in that particular.

The hon. Member for Belfast, East was concerned that, if the hon. Lady's amendment were accepted and no proper amendment to the Electoral Administration Bill were made, anonymous registration would be put seriously at risk. Indeed, it would not apply in Northern Ireland. I am unhappy about some of the almost pro-consular powers that go with the Secretary of State's office at the moment, but I would still prefer the anonymous registration promised in the Bill, even with all its imperfections, than run the risk of having no anonymous registration at all. The hon. Member for Belfast, East was entirely right to point that out.

It is good, particularly at the beginning of consideration of a Bill, to see both the Unionist parties singing from virtually the same hymn sheet—and long may that continue. I hope that the probing amendment—for that is what it is—so elegantly and eloquently introduced by the hon. Member for North Down will result in some assurances from the Minister, which we would all welcome.

I want to test your patience for just a little longer, Sir Alan. Earlier today, we heard a most eloquent tribute from the leader of the Democratic Unionist party to Her Majesty the Queen. We all listened and, I am sure, inwardly applauded what he said, as we also applauded the admirable speeches of the Prime Minister and my right hon. Friend the Leader of the Opposition. However, modesty forbade the right hon. Member for North Antrim (Rev. Ian Paisley) from saying that he had already reached that milestone. He has recently celebrated his 80th birthday. I am in no position to comment on the condition of his soul, but I can certainly say that he is young at heart. I know that I speak for everybody in the Chamber and those who are not here in congratulating him on his 80th birthday and wishing him many long years to come.

Lembit Öpik: Thank you, Sir Alan, for your patience earlier. I have now literally collected my thoughts and have them in my hand. The pressure on my time was created by the ridiculous overburdening of those of us who do Wales and Northern Ireland business at the same time. I do not blame the Minister, but there are those in the usual channels who should be more sensitive than to have Northern Ireland business and a Welsh Grand Committee on the same day. The Secretary of State has evidently chosen a different route by not being here at all. At least I was here in body, if not initially in spirit.

New clause 1 would simplify the process of introducing anonymous registration in Northern Ireland, and anonymous registration is a necessary option for the reasons that have already been outlined. However, the process that the Government are putting forward seems rather complicated. Our new clause would amend clause 73 of the Electoral Administration Bill to allow clause 10 of that Bill, which introduces anonymous registration for England and Wales, to apply also to Northern Ireland. That is a very simple way of achieving what the Government seem to want to achieve. We do not understand why they have taken the approach that they have. First, it is fairly easy to make the change, and I do not understand why they think—perhaps the Minister can explain—that it is not easier simply to replicate in this Bill clause 10 of the Electoral Administration Bill.

To come to the point that I really wanted to check, I know that the Department for Constitutional Affairs consulted on the anonymous registration provisions of the Electoral Administration Bill, but why was Northern Ireland not included in that consultation? If it was, I certainly have not been informed. The Northern Ireland Office also carried out its own consultation on the issue but, as far as I understand it, that consultation did not finish until January. If that is wrong, perhaps the Minister can make it clear why there were two separate consultations. Why did the NIO not consult at the same time as the DCA?

The Minister of State, Northern Ireland Office (Mr. David Hanson): The DCA's consultation is ongoing, and the NIO has not yet undertaken a consultation. I shall refer to that in my response later.

Lembit Öpik: The Minister can give a more complete answer later, but it is a bit of a moot point anyway. The core question is why create two separate pieces of legislation when one will do.

[Lembit Öpik]

As we have said before, we support the provisions in the clause, and it is obvious that the amendments tabled by the hon. Member for North Down (Lady Hermon) are probing amendments. She made clear their purpose. We are simply trying to establish why there was not more joined-up thinking in Departments on how the provision's objectives are to be achieved. If the point behind new clause 1 makes sense to the Government, they can still take it on board. That does not mean a great victory or defeat for anybody, but it would at least ensure consistency. Producing separate legislation always runs the risk of unintended consequences and those consequences could quite simply be avoided by adopting the methodology of new clause 1.

Mark Durkan (Foyle) (SDLP): I want to take this opportunity to inform hon. Members that we have a lot of sympathy for the spirit with which these probing amendments were moved by the hon. Member for North Down (Lady Hermon). We will certainly be careful to listen to what the Government say about how they will handle and take forward the effects of the powers that will be created by the Bill.

We accept that, unfortunately, there is a case for the principle of anonymous registration to protect people from being tracked down by those who have sinister intent, including, as the hon. Member for Belfast, East (Mr. Robinson) said, protecting those who have fled from domestic violence as well as the more obvious cases that people might think of in relation to Northern Ireland. However, we must be sure that the provision cannot be used and abused by people in a wider way to evade the attention or reach of lawful authorities by staying off the register or for their own convenience and privacy.

We agree with the health warnings that hon. Members have issued about the Government reserving to themselves powers to do things by Orders in Council. No matter what assurances the Government give us, we must all go by form rather than by faith. Recent and current experience shows just how frustrating and, at times, insulting and infuriating the whole business of the conduct of Orders in Council can be.

Although we are sympathetic to the probing amendments, we do not support them to the extent of removing the possibility of anonymous registration. We want to hear what the Government have to say and, in particular, the Minister's strong case against the whole concept of new clause 1.

Mr. Laurence Robertson (Tewkesbury) (Con): Perhaps, Sir Alan, you will allow me briefly to add my tributes to Her Majesty the Queen and to the right hon. Member for North Antrim (Rev. Ian Paisley), who on 6 April reached a similarly great milestone.

I, too, am puzzled by the Government's approach to anonymous registration—a point that was outlined eventually by the hon. Member for Montgomeryshire (Lembit Öpik). Once he had managed to find his notes, he made a good point in questioning why clause 10 of the Electoral Administration Bill will not apply to Northern Ireland. That is rather puzzling.

I am a little concerned by the way in which legislation is being treated at the moment. I hope that you will not consider it out of order, Sir Alan, if I mention that yesterday we had to consider an important order upstairs at the same time as an important statement on Northern Ireland was being made in the Chamber. I raised the issue on a point of order in Committee yesterday, because it does not seem to be a good way of managing what can hardly be described as trivia. The measures that we are discussing are very important, and I ask the Government to consider my point when they introduce legislation and orders in one form or another.

All of us in Committee yesterday questioned why the order was necessary when, at that very time, the Government were saying in the Chamber that they were looking to restore the Assembly. That seems a very odd way of going about business. I will not try your patience any further on that, Sir Alan, but I would like to put it on the record that we cannot give legislation the serious treatment that it deserves when hon. Members are expected to be in two places at the same time.

I will not take much of the Committee's time on this issue other than to say that the official Opposition understand the need for anonymous registration particularly, but not exclusively, in Northern Ireland. Other Members have made points about how people in Great Britain might want to exercise the right to cast their votes, but understandably for one reason or another do not feel safe about their names being on the register. That problem exists in Great Britain, but it exists particularly in Northern Ireland for reasons with which we are all unfortunately very familiar. We therefore support the retention of the clause.

Mr. Hanson: I thank Members for the fair points that they have raised. They demand an answer from the Government. I am pleased that there appears to be a consensus on both sides of the House about anonymous registration, and clause 1 was introduced to make provision for that. I shall try to deal with the concerns that have been raised.

As the hon. Member for North Down (Lady Hermon) recognised, it is the Government's intention to introduce an anonymous registration scheme in Northern Ireland that will broadly mirror the one being introduced for the rest of the United Kingdom by the Electoral Administration Bill. That reflects the Government's belief—I hope that hon. Members will agree with this—that the situation in Northern Ireland demands the support of the same rights as those enjoyed by citizens in the rest of the United Kingdom. For that reason, we will attempt to introduce a set of proposals broadly similar to the provisions in the United Kingdom. However, there is a significant difference in the way in which the Government approach this matter, which is why I want to relate this point to the other points that have been made.

1.30 pm

Members from all parties will know that Northern Ireland has a body of electoral legislation different from that in the rest of the United Kingdom, particularly in relation to registration and electoral fraud. For that reason, we cannot apply the scheme proposed in the Electoral Administration Bill currently before another place to Northern Ireland in the form in which it has been put. We need to look at how we can adapt the legislation to work effectively in Northern Ireland.

That will require detailed and careful technical consideration by the Government. However, the principle is that, for the reasons that have been outlined by hon. Members on both sides of the House, citizens of Northern Ireland should have the same rights as citizens in the rest of the United Kingdom. We need to look at how, technically, we can do that in the context of the other aspects of legislation on these matters in Northern Ireland.

Sir Patrick Cormack: I am grateful to the Minister for his typically courteous response to this brief debate. Will he touch briefly on the point that I raised? It would be most unfortunate if the people of Northern Ireland did not benefit from those provisions in the Electoral Administration Bill.

Mr. Hanson: I understand perfectly well the situation in which the hon. Gentleman found himself last June. It is a situation that any of us could find ourselves in, and I am sure that it was a complete nightmare for him, because he had to fight the election so late. I am looking very carefully at the situation with regard to the Bill from the Department for Constitutional Affairs, which is currently before another place. I understand that it extends to Northern Ireland, but I will seek advice on all the clauses. I would not want to mislead him, so I will write to him. It is my understanding, and certainly my hope, that the provisions relating to his postponed election last June would be applicable to Northern Ireland, but I want to check on the details and report to him in due course, if I may, because it is a Department for Constitutional Affairs Bill, for which I have no direct responsibility.

As I have said to hon. Members generally, the proposals that we want will ensure that the rights of citizens in Northern Ireland are the same as those of citizens in the rest of the United Kingdom. As Members have said, it is important that an elector whose safety would be at risk if he or she were identifiable on an electoral register should be allowed to register anonymously. That will require detailed and careful technical consideration.

In addition, as Members have noticed—I pay tribute to their forensic abilities—the Electoral Administration Bill is still being considered by another place. As the relevant provisions in that Bill might be amended, we wish to examine in detail the final proposals that come before the House before we look at how to apply them to Northern Ireland. In the light of those considerations, we have concluded that it makes sense to wait until the approach for Great Britain is finalised, in another place, before we seek to define any detail of how any scheme will apply to Northern Ireland.

That is not exactly a new approach. Section 84(1) of the Northern Ireland Act 1998, which this clause amends, already allows for provisions to be made by Order in Council in respect of certain matters relating to elections. Let me address the point about Orders in Council. Having been in the job for 11 months, I know that Order-in-Council provisions are unsatisfactory to Members from all parties. Indeed, dare I say it, they are occasionally unsatisfactory to the Government as well. In discussions that I have had upstairs on modification orders, we have already agreed to consider how we can best deal with the question of Orders in Council. Very often, the procedure is unsatisfactory.

In this case, however, I want to reassure right hon. and hon. Members that although the Government are seeking an Order in Council at a later date, we intend to consult widely on the proposals that will construct the Order in Council relating to anonymous registration. We want to ensure that when we introduce anonymous registration in Northern Ireland, it has the support of the political parties and the electors of Northern Ireland. We want to ensure that we consult fully on how we take that proposal forward. I hope to undertake a consultation very shortly on who should be eligible for anonymous registration, how that registration will apply and what criteria should be brought into play.

As the hon. Member for Belfast, East (Mr. Robinson) has mentioned, domestic violence might be a criterion. As other hon. Members have mentioned, the issue might be threats of intimidation, or the break-in at Castlereagh, for example. There are a whole range of issues that we want to consider. With due respect to the whole of the United Kingdom, we might want to consult on some matters specific to Northern Ireland. I will certainly bring forward a widespread consultation on that as soon as possible, prior to the introduction of the Order in Council.

Lembit Öpik: The Minister's words are laudable, but does he not see that the Government have created a rod for their own back? We have often been told by Ministers in Northern Ireland debates that they will take full account of what the parties in Northern Ireland and the Opposition parties have to say—and then they ignore the advice. Why should this situation be any different? What assurance, or evidence, can the Minister provide that on this occasion the Government will genuinely take on board ideas, even if they originate from a party other than Labour?

Mr. Hanson: I hope that the hon. Gentleman will reflect on the fact that during my tenure in this job, I have tried to listen to what parties have said. On occasions, we cannot always agree and it is not possible to do so. In response to the consultation on some of the matters that we will deal with later, in Committee next week or on the Floor of the House tomorrow, I had four, five or possibly six different views from different parties. It is impossible to reach a consensus on every issue on all occasions, but I assure the hon. Gentleman that I intend to consult on who should be eligible and how anonymous registration should be applied to Northern Ireland. That will happen in the light of the ongoing consultation by the DCA on the same matters, which are being considered by this House and another place in the context of the current Bill dealing with electoral matters in the United Kingdom, which was referred to earlier.

I assure the hon. Gentleman that that consultation will take place. There will be an opportunity for parties in Northern Ireland, the official Opposition, the Liberal Democrats and anybody else to comment on those matters. I will produce the Order in Council at a later date for approval—in a manner that I know is unsatisfactory to hon. Members—to ensure that we try to get some consensus on these matters. Having heard what right hon. and hon. Members have said today about anonymous registration, I think that there will be the potential for agreement and consensus on the scope, the criteria and the implementation of the provisions.

[Mr. Hanson]

I understand the unhappiness with the Order-in-Council procedure, but I have an open mind on the precise details of the scheme, which is why we are going to consult. We are clear that only genuinely vulnerable individuals should be able to benefit from such a scheme. DCA is currently carrying out its own consultation. I very much hope that Members will support that. I hope that that has given hon. Members some assurances.

Lady Hermon: Will the Minister address one issue that has not come out at all in the debate this afternoon? The subsequent clauses, which we are going to look at in a few minutes, propose an interval of 10 years, instead of an annual canvass. Will the Minister assure us that when there is a registration of anonymity, there will have to be a very good reason for that person or persons remaining anonymous until the canvass comes round after a 10 year interval?

Mr. Hanson: I hope that the hon. Lady will understand that these matters will be part of the consultation. I promised to bring before Members, and the people of Northern Ireland, a proposal on the scope of anonymous registration, the criteria for that and its implementation. That is the intent and purpose of the consultation document.

Sir Patrick Cormack: The Minister has dealt very adequately with this particular prospective Order in Council, but I raised the point that if the deadlines that the Government have set for the Assembly are not met, we have a problem. Will he give an assurance that in that unhappy event there will not be an indefinite continuation of the present Order-in-Council procedure?

Mr. Hanson: I hope that the hon. Gentleman will be aware that when we considered the last modification order—indeed, when we considered the first modification order with which I dealt, in July 2005—the way in which we deal with Orders in Council was raised by the hon. Members for Tewkesbury (Mr. Robertson) and for Montgomeryshire (Lembit Öpik), as well as Northern Ireland Members. We gave an undertaking to examine our proposals. The Secretary of State wrote to the spokesmen for the official Opposition and the Liberal Democrats and others to ask for their comments. We have received responses and I understand that private discussions are taking place. In the unhappy event of the Northern Ireland Assembly not being restored by the end of November, as proposed, we are considering how we will deal with the situation. I hope that the Assembly will be ultimately restored and that matters that are dealt with by Orders in Council will, rightly and properly, be dealt with by elected Members of the Assembly in Stormont, rather than by hon. Members in the House of Commons.

Mr. Peter Robinson: The Minister confused me slightly when he responded to the intervention made by the hon. Member for North Down (Lady Hermon). Was his answer related to the canvass that will take place every 10 years under the Bill, rather than the actual registers coming out? Was he saying that there will not necessarily be any correlation between the time at which the canvass takes place every 10 years and the length of time for which people may have anonymous registration?

Mr. Hanson: The criteria for anonymous registration and the way in which that will be implemented will be a matter for consultation. A register will be published annually, as is set out in other clauses in the Bill. The proposal in the Bill is that the canvass will be held every 10 years. The two matters are entirely separate, so I am sorry if I confused the hon. Gentleman. The criteria for who should be anonymously registered, the conditions for their registration, the way in which the registration should be applied, and how the scheme will work will be subject to the consultation that I intend to issue as soon as possible, after considering the results of the consultation on the DCA Bill before the House—and, I hope, with hon. Members' support today for the principle.

Lembit Öpik: I am not sure if the Minister was going to come to this before he finished, but I shall put to him again the question that I asked before. Why did the Government not simply replicate clause 10 of the Electoral Administration Bill to achieve the same purpose? It would be perfectly respectable for him to say, "We didn't think about it," but it would be useful to understand whether that approach was a strategy or an accident.

Mr. Hanson: I hoped that I had dealt with that point earlier, but I will try to assist the hon. Gentleman's recollection. I said that Northern Ireland had a body of electoral law, especially relating to registration and electoral fraud, that—for reasons of which the hon. Gentleman will be aware—is different from that in the rest of the United Kingdom. That means that technical issues that are different from those that apply to the Electoral Administration Bill must be considered. I understand that the hon. Gentleman might have some worries about that. We are broadly trying to replicate in Northern Ireland the situation that exists in my constituency in north Wales, but we have to examine the detailed and technical way in which we can do that when the situation is intermeshed with existing legislation that under current legislation is not amendable.

I hope that I have been able to allay hon. Members' fears and have shown that I recognise their points as fair. Given their fears about Orders in Council, I hope that my proposals on consultation will address their concerns. I ask the hon. Member for North Down to withdraw the amendment.

Lady Hermon: I am grateful to the Minister for his extensive response to my points. I am not entirely persuaded of the reasons why clause 10 of the Electoral Administration Bill is not being extended to Northern Ireland. We are seeing a repeat performance from the Government: when they introduce primary legislation that is supposed to cover the United Kingdom, Northern Ireland falls behind. Clause 27 of this Bill, which we will debate tomorrow, belatedly extends several provisions of the Serious Organised Crime and Police Act 2005 to Northern Ireland.

There is absolutely no reference in clause 10 of the Electoral Administration Bill, as amended in another place, to differences in the body of electoral law in Northern Ireland. Although the Minister has waxed lyrical about the differences in legislation that have been needed to combat electoral fraud in Northern Ireland, and referred to specific difficulties with adapting clause 10 of the Electoral Administration Bill, he has been unable to pinpoint any particular difficulties with simply extending clause 10 in total, or verbatim, to Northern Ireland.

1.45 pm

Having said that, I am glad that there is consensus among all parties in the House about the need for anonymous registration. Although there can be an edited register at the moment, no voters can have their names withdrawn from the full register in Northern Ireland. Although the Minister gave an assurance that the people of Northern Ireland will be treated with parity of esteem with those in rest of the United Kingdom, he contradicted himself by referring to the extraordinary body of electoral legislation in Northern Ireland. That legislation should not be an excuse for not treating anonymous registration in Northern Ireland on a par with that in Great Britain, and doing so in primary legislation.

I accept that if I press the amendment to a Division, however, I will lose. The hon. Member for Belfast, East (Mr. Robinson) made the point well that if we were, by good fortune, not to have the Government out in full force to vote against the amendment, we might fall between two stools and not have anonymous registration introduced in Northern Ireland. That would be a serious error to which I would not wish to put my name, so given the Minister's assurances and my hope that he will reflect on the points that have been made, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clauses 1 and 2 ordered to stand part of the Bill.

Clause 3

TIMING OF CANVASS

Lady Hermon: I beg to move amendment No. 26, in page 2, line 24, leave out from '2010' to end of line 26.

The Chairman of Ways and Means (Sir Alan Haselhurst): With this it will be convenient to discuss the following amendments: No. 2, in page 2, line 27, leave out 'tenth' and insert 'fourth'.

No. 11, in page 2, line 27, leave out 'tenth' and insert 'fifth'.

No. 12, in page 2, leave out lines 38 and 39.

No. 14, in page 3, line 1, after '2010', insert 'and'.

No. 3, in page 3, line 1, leave out 'tenth' and insert 'fourth'.

No. 15, in page 3, line 1, leave out 'tenth' and insert 'fifth'.

No. 16, in page 3, line 2, leave out from '2010' to end of line 3.

Lady Hermon: Thank you again, Sir Alan—*[Interruption.]* And bless you, to the right hon. Member for North Antrim (Rev. Ian Paisley)—*[Interruption.]*

Sir Patrick Cormack: He does not believe in women priests.

Rev. Ian Paisley (North Antrim) (DUP): Your theology is sound, my friend.

Lady Hermon: I say, "Bless you," anyway.

Rev. Ian Paisley: I did not know that she claimed to be a priest—*[Laughter.]*

The Chairman: Order. I think that the hon. Member for North Down (Lady Hermon) might have discovered how a little aside can go a long way.

Lady Hermon: I am delighted that the right hon. Member for North Antrim enjoys such good health and am sure that the sneeze indicates only that there is a little breeze in the Chamber at the moment.

Clause 3, which is on the timing of the canvass, causes me considerable concern. I reflect on the happy time when I became a Member of the House in 2001. The first piece of primary legislation relating to Northern Ireland in that Session was the Electoral Fraud (Northern Ireland) Act 2002. In March 2001—not so long ago—the Government presented to Parliament a command paper, Cm 5080, entitled "Combating Electoral Fraud in Northern Ireland". On the first page, the Government spelled out their responsibility in light of the fact that there was perceived—it certainly existed, so it was not just perceived, but unacceptable—electoral malpractice in Northern Ireland. The Government spelled out their responsibility in paragraph 4 of the Command Paper:

> "The responsibility of the Government is two-fold: to protect the democratic exercise of the franchise and to combat abuse at the poll . . . where the threat of fraud is reduced, the credibility of the poll will be enhanced, and . . . this should encourage more people to exercise their right to vote."

We have abolished the annual canvass in clause 2, and clause 3 proposes that a canvass should be held every tenth year. That period can be modified—a subject to which I shall return—but as the Government have gone to the trouble of publishing a Command Paper and the Electoral Fraud (Northern Ireland) Act 2002, which only went on the statute book four years ago, they should take care to achieve the right balance between preventing or eradicating electoral fraud—it is a serious crime to deprive someone of the franchise—and ensuring that people are not discouraged from voting by making it too difficult to register on an annual basis.

The Government have got the balance wrong in clause 3, which extends the period between canvasses to 10 years. However, in exceptional circumstances—and this is what concerns me most in a close reading of clause 3—a canvass under section 10 of the Representation of the People Act 2003 must be conducted in 2010

> "unless the Secretary of State makes an order providing that the requirement in this paragraph does not apply"

[Lady Hermon]

and every tenth year following 2010. The chief electoral officer for Northern Ireland is independent of Government. He has a heavy burden of responsibility, and I pay tribute to the work that he undertakes with his team. Clause 3(2) states that he may make a recommendation in favour of a canvass in the interim

"for the purpose of meeting the relevant registration objectives",

which can be summed up as combating electoral fraud or simply ensuring that the register is up to date. However, the Secretary of State can issue a diktat—I do not welcome this trend and I do not look forward to the emergency legislation that will be published tomorrow—so that, having considered the recommendation, he can notify

"the Chief Electoral Officer that he is satisfied that the public interest requires a canvass to be conducted for that purpose."

Even if the chief electoral officer, who has ultimate responsibility for electoral law and the canvass in Northern Ireland, requests a canvass before 2010, the Secretary of State can maintain that that is not in the public interest. When would it not be in the public interest to act as recommended by the chief electoral officer?

I may have misread clause 3, but it appears that the Secretary of State could, by his own hand, make an order to delay the canvass until as late as 2016. That is completely unacceptable, given the efforts in the 2002 Act, for which I am enormously grateful, to tackle robustly the serious problem of electoral fraud. I urge the Government not to allow electoral fraud to return to the system by delaying the canvass for such a long time. Amendment No. 27 proposes that the annual canvass should be held every fifth year, although some people believe that it should be held every fourth year.

The Chairman: Order. May I advise the hon. Lady that amendment No. 27 is in a different group of amendments and cannot be dealt with at this stage?

Lady Hermon: I beg your pardon, Sir Alan. My copy of the selection list was obscured. In fact, I wish to speak to amendment No. 15, which is in the group of amendments to clause 3. It proposes that the annual canvass should be conducted every fifth year instead of every 10th year, and certainly not delayed until 2016.

Sir Patrick Cormack: For the sake of clarity, if the canvass is to be held every fifth year it is not an annual canvass but a quinquennial one.

Lady Hermon: I am enormously grateful to the hon. Gentleman for that piece of wisdom.

I urge the Minister to get the balance right. The Government have done their very best—I pay tribute to them for tackling the serious problem of electoral fraud—but they should not provide an opportunity for people who wish to exploit the situation by delaying the canvass and holding one every 10th year, as that that could allow fraud to creep back into the system.

Mr. Laurence Robertson: Briefly, I wish to make two points about the amendments that we have tabled. For the sake of clarification, can the Minister explain why the year 2010 was chosen? Does it have something to do with the general census? If not, it may have been a good idea to fall in with the census.

In common with the hon. Member for North Down (Lady Hermon) and the hon. Member for Montgomeryshire (Lembit Öpik), we feel that a 10-year interval is too long. It is in everyone's interest to encourage people to register to vote and to ensure that the register is up to date and accurate. We did not object to clause 2, which abolished the annual canvass, but a 10-year interval is too long, which is why we tabled our amendments. We should therefore like the Minister to explain why he chose 2010 to conduct a canvass and why he chose an interval of 10 years.

Lembit Öpik: There are two issues. The first was raised by the hon. Member for North Down (Lady Hermon) and the second is the length of time between canvasses. I very much agree with the hon. Lady that it is unnecessarily centralist and directive to give the Secretary of State the opportunity simply to cancel the 2010 canvass. I do not wish to repeat her arguments, but I look forward to hearing the Minister's justification for the inclusion of that provision. I counsel him to be careful, because there is an increasing tendency in Northern Ireland legislation to give more and more powers to the Secretary of State simply because we are debating a particular subject and someone says, "Let's give the Secretary of State flexibility to make individual decisions." If one steps back from the body of legislation that we have passed in the past nine years, one can see that there has been a huge centralisation of power for the Secretary of State because the opportunity arose for someone to do so for his convenience. That is not a good reason to do it, and I want to hear what the Minister has to say by way of justification.

2 pm

The 10-year period between canvasses is also important. A few minutes ago, we passed clause 2, which means that we have abolished the annual canvass in Northern Ireland, and clause 3 replaces the annual canvass with a canvass that will take place every 10 years. Our amendment would shorten that period of time to every four years, while the amendment tabled by the hon. Member for Tewkesbury (Mr. Robertson) would decrease it to every five years—I think that the hon. Member for North Down also takes that view. We can argue about one year either way, but the consensual point is that 10 years is way too long.

The Electoral Fraud (Northern Ireland) Act 2002 introduced individual registration in Northern Ireland, and we remember the pain that Northern Ireland experienced to get an accurate canvass. The good news is that those measures have been successful—there are currently more than 1.1 million people on the register, which is an estimated 91 per cent. of the voting age population. That is a triumph of data gathering, and credit is due to the Government and to the people who were involved in generating that reliable information.

We understand why the Government want to abolish the annual canvass, and we all agree with them, but we must ensure that the process that replaces it is not so onerous that it discourages people from registering and that it is not so infrequent that it utterly undermines all

the work to obtain an accurate canvass. That is not only in the interests of individual voters, because it will also help to prevent electoral fraud. It is obvious that there will be an opportunity for things to start going wrong again, if there is an entire decade between the collection of data. Amendments Nos. 2 and 3 propose that a canvass should be held every four years, and if a canvass were conducted in the year before an Assembly election was due to be held, then there would be confidence in the register.

The Minister must answer three questions. First, why should there be such an incredibly long period of time, when all kinds of factors mean that the register will be highly inaccurate by the end of that period? Secondly, why are the Government not concerned that electoral fraud will creep in again as the register becomes inaccurate? Thirdly, human beings are human beings and may not keep up to date if they move house or their circumstances change, so why are the Government not concerned that people will become increasingly disenfranchised, as logic tells us that they will be, in a 10-year period? Ten years is a quarter of my life; it is one eighth of the life of the right hon. Member for North Antrim (Rev. Ian Paisley); and, although I do not know how old the Minister is, I suspect that it is about one fifth of his life. *[Interruption.]* Looking at the Minister's youthful features, it is clear that he has had an easy life.

I ask the Minister to think again. I suspect that there is consensus among Northern Ireland parties that the period is too long, and I can see that SDLP Members agree. The only people who might benefit from the 10-year period are those who seek to find ways back into the fraud game rather than those who seek to have fair elections. I look forward to hearing what the Minister has to say.

Sir Patrick Cormack: In a brief contribution, I want to reinforce some of the points made by previous speakers.

Earlier this afternoon, I referred to the pro-consular powers of the Secretary of State. I hope that the talks that the Government are instituting next month will lead to agreement, but one must be an extremely optimistic person to be absolutely confident that agreement will be reached by the due date. If an agreement is not reached, we face the indefinite continuation of direct rule and of the use by the Secretary of State of his current powers, which are very great indeed. This is not a criticism of the present Secretary of State, any of his predecessors or any of his potential successors, but pro-consular powers are dangerous, and they make Northern Ireland very different from the rest of the United Kingdom.

I want to reinforce the point about the 10-year period. The next general election cannot be later than 2010, so if that rule had been in force in 2001, a 10-year period would have encompassed three general elections, which is a telling point. All 10-year cycles include two general elections, and most of them include three, which is too long. I understand why the Government feel obliged to introduce clause 2 and abolish annual registration, and the fact that clause 3 went through without debate, let alone a Division, indicates that there is broad agreement on both sides of the House and among the parties in Northern Ireland that that is a sensible move. One year may be too short, but 10 years is far too long.

I do not have a particular preference between the amendments moved by my hon. Friend the Member for Tewkesbury (Mr. Robertson) on the Front Bench and by the hon. Member for Montgomeryshire (Lembit Öpik), who speaks for the Liberal party, because I would be happy to settle on either four or five years. I have long believed in fixed-term Parliaments, but I do not have a particularly strong view on whether the term should be four years or five years. However, 10 years is far too long and I hope that the Minister will take that point on board. When the Bill is debated in another place, where there will be ample opportunity for further amendment and discussion, I hope that the Government will introduce an amendment to alter the period to four or five years. That would be broadly acceptable, because the system would not be open to the potential problems to which the hon. Member for Montgomeryshire has referred. I hope that the Minister will accept the good sense of those arguments.

Mark Durkan: As other hon. Members have said, we welcome the move away from the annual canvass. That particular provision was difficult to implement because it placed an undue onus on the chief electoral officer, which led to consequential demands on parties and others.

As other hon. Members have said, we think that running the system on a 10-year basis is a step too far. A 10-year period could cause confusion between the 10-year electoral canvass and the census, which we want to avoid. Although we all accept the various reasons why people want to stay off the electoral register, we all want to ensure maximum participation in the census, not least given that the allocation of moneys for important public services depends on census returns.

We want to ensure that there is no confusion. As the devolved Minister who presided over the last census in Northern Ireland in 2001, I know that there were difficulties and confusions because changes in electoral law were pending. The new form of electoral registration whereby people had to give their signatures led to confusion between the census and the new form of registration, because people thought that having done one, they had done the other.

Equally, we must be careful when we consider how the electoral calendar might fall. Several elections could take place, not just general elections, before there is a general canvass to ensure that the register is clearly and publicly updated. It would be a step too far, and into the unknown, if we were to face the possibility of numerous elections before knowing how well the health of the register is maintained in between general canvasses. I hope that the Minister can colour in the ways in which the electoral office is intended to engage in focused and targeted work in between the dates for the general canvass to tend to areas where there is a strong case for believing that there is marked under-registration or over-registration. Regardless of whether we are talking about four-year, five-year or 10-year canvasses, what work will be done in the intervening period to proof and improve the quality of the annual registers?

Mr. Gregory Campbell (East Londonderry) (DUP): To reinforce the hon. Gentleman's point, figures show that in Northern Ireland people change house every five to eight years on average. It would compound the

[Mr. Gregory Campbell]

problem if people had moved once or twice during a 10-year period. We need to know what information will be updated between registration periods.

Mark Durkan: I thank the hon. Gentleman for reinforcing the point that 10 years would be too much, particularly depending on how the cycle might fall. Situations could arise whereby information is doubly out of date. Those are the anomalies—indeed, absurdities—that we want to avoid. With a 10-year period, we could find that the annual canvass is taking place at a time that coincides broadly with Boundary Commission reviews, again adding to confusion and uncertainty. We should be careful, first, about going for 10 years, and secondly, what the cycle would be.

I accept, however, that whether we are talking about four, five or 10 years, some flexibility must be allowed to the chief electoral officer to amend an alteration of the due date, either by taking it forward or moving it back. The electoral cycle could mean that the demands on the electoral office are such that it would be impossible for it to conduct an efficient general canvass by the scheduled date—perhaps due to proximity to the census or to boundary reviews.

We perhaps have a slightly more relaxed view than some other hon. Members of leaving some facility for the chief electoral officer to seek a relaxation or alteration as regards the date. Our primary concern is to ask the Government to think again about the 10-year period. We are agnostic either way as between four or five years. We would probably prefer four years, but we recognise, with all due respect to the hon. Member for Montgomeryshire (Lembit Öpik), that the amendment tabled by the hon. Member for Tewkesbury (Mr. Robertson) provides some of the consequential trimmings that would be required elsewhere. The Conservative amendment rhymes better, in technical terms, than the Lib Dem amendment. We are not particularly hot and bothered about whether it is four years or five years, but we have many concerns about 10 years. Irrespective of that, we would like the Minister to clarify what remedial and health checking work will be guaranteed in relation to the annual registers that will be published.

2.15 pm

Dr. William McCrea (South Antrim) (DUP): I think that it is accepted throughout this House that it is important to encourage every person who is entitled to be registered to be on the electoral register. That is their democratic entitlement, and every democrat in this House wants to ensure that the register is up to date.

However, we must learn from the lessons of the past. We would be very foolish if we did not recognise the reality that in the past we have needed considered debate about electoral fraud. I remind the House that many people in Northern Ireland believe that in 1997 I personally suffered because of electoral fraud. My constituency was one of several affected. A previous Member for Belfast, West—Dr. Hendron—endured the same thing in his constituency. Ulster constituencies certainly have a great deal of electoral fraud. Whenever we went to vote, we saw electoral cards being handed out from the boot of a certain political party's car. It was not done behind the scenes—it was there to be seen. The same applied to benefit books.

Something had to be done to stop fraudulent claims and people taking the votes of other people, whether dead or alive. We were delighted that the Electoral Fraud (Northern Ireland) Act 2002 was brought into being to remove fraudulent voting claims. The general canvass that took place every year was perceived to be going in the opposite direction, because many people who should have been on the electoral register were not. That led to a lot of discontent. It is a question of striking a balance.

My right hon. and hon. Friends and I believe that the general canvass should take place every five years. We have no problem with four years, but we certainly do not believe that it should be every 10th year. The hon. Member for Foyle (Mark Durkan) said that that would be a step too far. In fact, it could be a step back into the mire of a register that no longer has the confidence of the community as a register of those who have the right to vote.

Lembit Öpik: I recognise that the SDLP, the DUP and the Conservatives are all ganging up against my four-year proposal. Let me put on the record the rationale for it. In essence, I was suggesting that we have the canvass in the year before the elections for the Assembly, which will be up and running before we know it. *[Interruption.]* Yes, I realise that I am now digging a grave for the four years. At least that would have the logic of tying it into a known electoral cycle—

The First Deputy Chairman of Ways and Means (Sylvia Heal): Order. I understand the hon. Gentleman's need to explain, but this is rather long for an intervention.

Dr. McCrea: Thank you, Mrs. Heal, and I thank the hon. Member for Montgomeryshire (Lembit Öpik) for trying, but perhaps he should stop digging—*[Interruption.]* Someone says, "While he's ahead", but I am not quite sure what he was ahead of. Nevertheless, I accept that he was trying to take us away from the concept of a 10-year cycle and to propose something more reasonable. I think that most hon. Members accept that proposition in good faith, so the hon. Gentleman did not really need to explain his proposal.

If people are asking when the election is to be held, I think that we will know whether the Assembly is up and running or not. There was a period in Northern Ireland when there was an election every year. We need a good register in which the community can have confidence.

I am very concerned about clause 3(1)(a), which proposes that a canvass must be conducted in 2010,

"unless the Secretary of State makes an order providing that the requirement in this paragraph does not apply".

Why would the Secretary of State want to take such a power into his hands? Whenever I read proposals such as this, they lead me to believe that the Secretary of State could lay himself open to the suspicion that he was

meddling with the register for political purposes. That would not be a good idea. Will the Minister think again about conferring that power on the Secretary of State?

Sir Patrick Cormack: Does the hon. Gentleman agree that neither the Secretary of State nor the registration officer should be allowed, without accepted criteria being agreed, to determine what is in the public interest?

Dr. McCrea: Yes, I accept that. The hon. Gentleman makes a powerful point. The Minister should think very hard before pushing that provision.

Mr. Peter Robinson: I suspect that the Minister will tell us that we are not moving from compiling a register based on an annual canvass to compiling one based on a 10-year canvass. Instead, we are moving from annual registration to a completely different system, in which a lot more data are being sucked in to the electoral office so that it can produce a more accurate register. While we accept that, the key issue is that we do not know how well the new system will work. Should we have to wait 10 years to correct it if it does not work well? There is a good case to be made for conducting a canvass more often, especially at the beginning of the new system.

Dr. McCrea: I thank my hon. Friend for that intervention, and I wholeheartedly agree with the case that he has made.

In conclusion, I ask the Government to reconsider conferring the power on the Secretary of State in clause 3(1)(a). Furthermore, we support Her Majesty's Opposition in their proposal for a canvass every five years.

Mr. Hanson: I hope that I shall be able to reassure hon. Members on these matters. The integrity of the ballot is the prime objective of the Government in our actions to date and in those proposed in the Bill. The integrity of the ballot means that hon. Members who come to this House or to the Assembly, or who sit on local councils, do so because their peers have put a cross by their name legitimately. I emphasise to the Committee that that is the Government's paramount concern. Electoral fraud will poison the system, and I find it unacceptable to have people voting in elections when they are not entitled to do so, or perpetrating electoral fraud in any way, shape or form. I hope that that statement of the Government's objective will reassure hon. Members.

The hon. Member for Tewkesbury (Mr. Robertson) asked why we had decided to conduct a canvass in 2010. Clause 2 abolishes the annual canvass. Clause 3 proposes that the next canvass should be not in 2006—when the next annual canvass would have taken place—but in 2016. For the very reasons that hon. Members have mentioned today, we are proposing that there be the possibility of an interim canvass in 2010 as a backstop, should it prove necessary to conduct one at that stage. That would be four years after 2006, which should meet the objectives of the hon. Member for Montgomeryshire (Lembit Öpik). The year 2010 was chosen simply because it is between 2006, when the next annual canvass would have taken place had clause 2 not been agreed to, and 2016, when the next proposed canvass will take place. The debate now revolves round the 10-year period between 2010 and 2020.

Sammy Wilson (East Antrim) (DUP): The Minister accepts that it might be necessary to have a canvass in 2010, given that the next one was to have been in 2006. Why should a 10-year period be instituted after 2010? Why not continue to use a four or five-year period throughout?

Mr. Hanson: I am coming to that point. That is the nub of the argument put forward by hon. Members on both sides of the Committee.

Clause 3(2) states:

"A canvass under section 10(1A) must be conducted in an intervening year if—

(a) on or before 15th April in that year, the Chief Electoral Officer for Northern Ireland has made a recommendation in favour of a canvass being conducted in that year for the purpose of meeting the relevant registration objectives".

The chief electoral officer will have the power to recommend a canvass in any year to maintain the integrity of the register, if he or she determines that the integrity of the register requires it. So the power is there, should the need arise for the electoral officer to make that recommendation to the Secretary of State.

Dr. McCrea *rose—*

Mr. David Lidington (Aylesbury) (Con) *rose—*

Mr. Hanson: I should like to finish the point.

Clause 4 contains clear registration objectives that place conditions on the chief electoral officer to ensure that every person voting is entitled to vote, that everyone on the register is entitled to be there, and that none of the required information relating to a registered person is false. We have set out clear criteria for the registration officer to look at the integrity of the register, and if they feel that a further canvass is necessary, they will be able to make a recommendation to the Secretary of State.

Dr. McCrea: If the chief electoral officer believed that such a canvass were essential, could the Secretary of State overrule him and say, "No, we will not have a canvass"? Surely the Secretary of State should not be able to overrule a firm recommendation from the chief electoral officer that a canvass were necessary to maintain the integrity of the register.

Mr. Hanson: I appreciate that. Clause 3 provides for the Secretary of State to be satisfied that conducting such a canvass would be in the public interest. In my view, the Secretary of State will need to have the power, as a backstop, to make such a decision in the public interest.

Several hon. Members *rose—*

Mr. Hanson: I shall just finish the point. It would be a brave Secretary of State who went against the recommendation of the chief electoral officer, but the

[Mr. Hanson]

power will exist for him to do so if he judges that it is in the public interest. Later amendments will deal with that point.

Sir Patrick Cormack: That brings us back to the pro-consular point that I made earlier. I am not casting aspersions, but we all know that Great Britain has an Electoral Commission to which the Government refer and which they sometimes ignore. There is absolutely no guarantee that the Secretary of State would accept the recommendation of the chief electoral officer, and there are no criteria as to what constitutes the public interest. I have great personal regard for the Minister, but I find unconvincing his explanations of why we cannot specify 2010 and not leave the matter open, and why there is such a limitation on the power of the electoral registration officer.

2.30 pm

Mr. Hanson: I am happy to pursue this discussion, but the next group of amendments deals with the matter, and it may be more appropriate to discuss it at a later stage.

The First Deputy Chairman: That is absolutely right. It would be more appropriate to deal with the matter under the next group of amendments.

Mr. Hanson: I understand the concern of the hon. Member for South Staffordshire (Sir Patrick Cormack) and I shall try to address it shortly, but I feel that it would be more appropriate to do so when we come to the next group.

Mr. Laurence Robertson: Going back to the previous point, the Minister said that the Secretary of State could override the decision or recommendation of the chief electoral officer. That worried me a little, because the Secretary of State will appoint the chief electoral officer, unlike the police ombudsman, for example, so the relationship is a little incestuous.

Mr. Hanson: I hope that I can reassure the hon. Gentleman by pointing out that the Secretary of State remains accountable to the House. In the unlikely event of the electoral registration officer recommending a canvass and the Secretary of State saying no, for whatever reason, the Secretary of State will remain accountable to the House for that decision. That accountability will provide for discussion, debate, censure, votes and everything else. The principle is that there may be a range of overriding public interests that mean that the Secretary of State wishes to examine the issues. *[Interruption.]* I am happy to give examples, but I shall be straying into the next group of amendments. I am happy to do that, but I feel that it might try your patience, Mrs. Heal.

Sammy Wilson: The Minister has indicated that the electoral officer could have an extra canvass as and when he saw fit. I assume that, if the Bill is passed, the electoral officer will be resourced for a 10-year canvass. Where would the resources come from if the electoral officer decided to have an interim canvass?

Mr. Hanson: Again, that may be one of the issues that the Secretary of State determines is in the overriding public interest. I am straying again into the next set of amendments; I am being dragged there from hon. Members in all parts of the Committee. I am happy to deal with these matters, but I shall follow your guidance, Mrs. Heal, as they are dealt with in later amendments.

The First Deputy Chairman: Order. I remind hon. Members that the amendments that we are discussing relate to the timing of the canvass. That is what we should be concentrating on.

Sir Patrick Cormack: On a point of order, Mrs. Heal. I make the following suggestion as I think that it may help the Committee and you. Having chaired many Standing Committees over the years, I know that it sometimes makes sense to regroup amendments, even during a debate. As the two issues are so closely related to each other, I wonder whether it might be better if we were able to touch on them all now.

The First Deputy Chairman: I understand what the hon. Gentleman says, and I know that he has much experience in Standing Committees. In this instance, however, I feel that it is important that we keep the two matters separate. We will therefore discuss the timing now and, as the Minister indicated, deal with public interest in discussing the subsequent amendments.

Mr. Hanson: Thank you, Mrs. Heal.

Mr. Eddie McGrady (South Down) (SDLP): I do not want to repeat the various points that have already been made. Surely, the essence of what is being debated at this moment, irrespective of what will arise under clause 4, is the independence of the chief electoral officer. If his decisions are subject to questioning and agreement or non-agreement by the Secretary of State, he will simply not be independent. If the Minister wishes to pursue the autonomous rule of the Secretary of State in that regard, will he consider introducing some appeal mechanism or forum to determine whether the so-called public interest is of sufficient seriousness to override a considered opinion of the chief electoral officer?

Mr. Hanson: The points that my hon. Friend mentioned are certainly important, but I am again in danger of straying on to the next group of amendments. I say to all hon. Members that the principle before the Committee is the abolition of the canvass in 2006 and, in principle, a 10-year period between canvasses. That would mean that the next canvass would be in 2016. For purposes of the check, we have picked 2010 for a potential canvass to ensure the integrity of the electoral register, but we feel that the Secretary of State could consider a further annual canvass or an interim canvass if the chief electoral officer made a recommendation to that effect.

If you will allow me, Mrs. Heal, I shall again refer to a later clause. In proposed new section 10ZB(1) to the 1983 Act, clause 4 sets objectives for the electoral officer. It refers to ensuring

"that every person who is entitled to be registered in a register is registered in it . . . that no person who is not entitled to be registered in a register is registered in it, and . . . that none of the required information relating to any person registered in a register is false."

Those clear criteria are set for the duties of the electoral officer. If the electoral officer feels that the register in any year from 2006 does not meet those objectives, he will have a duty under the legislation to make proposals to the Secretary of State for an interim canvass.

I understand that hon. Members share my wish for integrity in the electoral registration system in Northern Ireland, as elsewhere in the United Kingdom, but if the electoral officer believes on grounds set out in clause 4 that the register is failing, he will have not only the right, but the duty, to go to the Secretary of State and request an annual canvass. It would be a very foolish Secretary of State who would refuse that request—although the power is there for him to exercise it if he so wishes.

Sir Patrick Cormack: As there is such disquiet in all parts of the Committee—all the Northern Ireland parties that participate in the House have made the point—why cannot we fix the 2010 date instead of making it an option? That would help to engender confidence in what the Government are seeking to do. If we can fix on 2010, we can obviously still look at the matter again before 2010. If it seems desirable to go to 2020—that is very unlikely—then fair enough, but let us fix on 2010 and not make it an option.

Mr. Hanson: I take the hon. Gentleman's point, but I ask him to look again at proposed new subsection (2) in clause 3, which states:

"A canvass under section 10(1A) must"—

I emphasise the word "must"—

"be conducted in an intervening year"

if a recommendation has been made by the chief electoral officer. The canvass will be conducted in

"the year 2010, unless the Secretary of State makes an order",

and a

"canvass under section 10(1A) must be conducted . . . unless the Secretary of State makes an order".

The Secretary of State will make an order only if the recommendation is forthcoming from the chief electoral officer. I put to hon. Members the fact that the onus and responsibility lie with the chief electoral officer, who has duties under later clauses to ensure the integrity of the register. If he feels that the register is not truly correct and is failing, he has the power and duty to ask the Secretary of state to continue with the canvass. The proposal to fix an interim canvass is unnecessary, because we have 2010 fixed, and we have the potential for an interim canvass if required and for the chief electoral officer to bring it forward.

Sir Patrick Cormack: The fact is that we do not. There is the option, but no fixed 2010 date. If there were such a date, there would be general consensus in Committee. I can see from the nodding heads around me that people would be tolerably satisfied. The fact of the matter is, however, that the Bill as currently drafted does not insist on 2010, which is an option.

Mr. Hanson: There is an honest disagreement between us on this matter. If the hon. Gentleman looks again at clause 3(1)(a), he will see that it says:

"A canvass under section 10(1A) must be conducted in the year 2010, unless the Secretary of State makes an order providing that the requirement . . . does not apply".

The Secretary of State will only do that for two reasons. First, he would act on the recommendation of the chief electoral officer. Secondly, the power is exercisable only by statutory instrument, which would come before the House anyway.

Sir Patrick Cormack: But the point is that the Secretary of State has the overriding power. I hope that this will not be construed as an attack on the current or any future Secretary of State; we just believe that it is wrong to give that power to a Secretary of State. Were there no option, we would all be tolerably satisfied. For goodness' sake, the Minister should at least undertake to consider the matter with a view to introducing a Government amendment in the House of Lords.

Mr. Hanson: Again, I understand the hon. Gentleman's point, but I think that there is a disagreement between us. First, the canvass in 2010 can be cancelled only by order of the Secretary of State through a statutory instrument, which will come before the House. Secondly, that will happen only if the chief electoral officer recommends it. That is a double safeguard, which I hope that he and other Members will accept.

Mark Durkan: The Minister has asked us to place some reliance on clause 3(1)(a). If we consider clause 3(3), however, we see that the Secretary of State's powers make it possible that such a canvass might not be conducted before 2015. The Bill asks us to consider that it might not just be a case of the Secretary of State letting it slip for a year. I accept that there might be a case for not proceeding in 2010, because were the 2010 electoral canvass to be done in the autumn, which is the traditional time, that would run close to the public information build-up to the 2011 census. At that stage even the devolved Administration—if there is one—might seek some change.

Mr. Hanson: Again, if the Government had wished to have a 10-year canvass in the first instance, we would not have put the provision in place for a potential canvass in 2010. Under clause 2, we are abolishing the annual canvass; there will be a canvass in 2006 and every 10 years. The Bill provides for the possibility of a canvass in 2010, for the very reasons mentioned by hon. Members, but we retain the right for that canvass not to take place if the Secretary of State is advised by the chief electoral officer that one is not needed.

Dr. McCrea: If the chief electoral officer has a duty in relation to favouring a canvass, why should the Secretary of State have the power to override that?

Mr. Hanson: Again, we are straying into later clauses and amendments, but the Secretary of State has an overriding duty to consider the broad picture, the needs of Northern Ireland and of this House and a range of matters. The Secretary of State has that power, but the circumstances in which the chief electoral officer would recommend the canvass and the Secretary of State would say, "No, thanks, we're not going to have one," would be very limited. It would be a brave Secretary of State who exercised those powers. There might be

[Mr. Hanson]

circumstances, however, which we will talk about under later clauses, in which the Secretary of State might want to take those powers.

Lembit Öpik: I might have been digging earlier, but I see a hole developing next to the Minister. There is now an inference that there could be a political motivation for not taking the register. There can be no other possible reason for giving the Secretary of State the opportunity to disregard the advice of the chief electoral officer. I want to press the Minister on this salient point. Can he give us a single example of circumstances in which he imagines the Secretary of State would need the power to overrule the chief electoral officer's guidance?

Mr. Hanson: For whatever reason, the Secretary of State might determine that on financial grounds. [HON. MEMBERS: "Ah!"] It is possible; I am not saying that that would be the case. In 2004, the cost of the canvass was £1.7 million. I am not saying that the Secretary of State would make a determination against the recommendation of the chief electoral officer, but that is a public consideration for this House. The chief electoral officer might make a recommendation that the Secretary of State felt, in the circumstances at the time, was not worth £1.7 million. That will not be a determination, but it is a consideration.

Mr. Lidington: Surely, in those or other circumstances that we cannot foresee, it would be open to a future Secretary of State to come to Parliament and ask for primary legislation to be introduced, and if necessary expedited, as has happened with Northern Ireland legislation in the past and as will happen in the next couple of weeks. That would enable the dispensation to be granted by a parliamentary decision rather than just by the Secretary of State acting on his own account.

2.45 pm

Mr. Hanson: Again, should the Secretary of State determine to do that, a statutory instrument, which would come before the House for consideration, would be required to cancel the canvass in 2010. Parliament would therefore be able to monitor the Secretary of State's decision. That statutory instrument would be taken in Committee, and could be referred to and debated on the Floor of the House. It would be voted on by the House. I am simply saying to all Members that the Secretary of State has the ability to override the recommendation should he or she wish to do so. I would not have included in the Bill the ability to have a canvas in 2010 if we did not feel that that was needed. We now envisage that there will be one in 2010, and on a 10-year basis after that, unless the chief electoral officer recommends otherwise, which it is in his power to do; again, I emphasise that that would be difficult for the Secretary of State to overturn.

Sir Patrick Cormack: The Minister is making a valiant effort, but failing. Can he not understand that the confidence of the people of the Province of Northern Ireland is fundamental to the success of this legislation? We all know very well that it is unlikely that there will be a Secretary of State from Northern Ireland in the foreseeable future. We do not complain about that. We all know very well that it is perfectly possible, certainly for the immediate future, that the Government will have a large majority. We have already said that the Order-in-Council procedure is wholly unsatisfactory, as it is determined upstairs by a relatively small number of Members without the opportunity for amendment, so there is a lack of confidence in the system. When we pass primary legislation, surely it is important to ensure the confidence of the people of Northern Ireland. Why can we not get rid of this qualification clause and fix on 2010?

Mr. Hanson: Again, I have tried to explain in detail why the power for the Secretary of State is needed. I will deal with that in more detail under the next set of amendments. The Government are committed to making sure that the electoral register is intact, paramount and legitimate in every way, shape and form. The original purpose of the annual canvass was to ensure that. We have given an assurance that an annual canvass will take place next year, and every 10 years subsequently. As a backstop, we have provided for a canvas in 2010—a date picked randomly, I say for the benefit of the hon. Member for Tewkesbury—and for an examination of whether a canvass is needed at that stage to maintain the integrity of that register. If it is needed, it will happen. If it is not needed, according to the chief electoral officer, it will not happen. The Secretary of State has the power to examine the wider public interest at the time, but we would not have put that in the legislation if we had not wished to ensure the integrity of the register. At any time, the chief electoral officer can say, based on his or her obligations under clause 4, that the register is not up to standard, and that the canvass needs to be undertaken to refresh it fully. I hope that that assures hon. Members and that they will withdraw their amendments.

Dr. McCrea: Before the Minister finishes, will he deal with the question of a five-year rather than a 10-year period? He has constantly referred to 10 years, but there is a consensus across the Committee that 10 years is much too long for the integrity of the register to be maintained. Why do the Government insist on retaining the 10-year period regardless of what we say? If an amendment providing for a five-year period were tabled in the other place, would the Government not consider that a more sensible option than a stand-up fight?

Mr. Hanson: With due respect to the hon. Gentleman, it is not in my nature to stand up and fight on issues unless they are issues of extreme principle. In my opinion, this is a question of the management of the electoral register. The position is that there will be a canvass every 10 years from 2010—or a canvass in 2006 and another in 2016, depending on what happens. If the chief electoral officer chooses to recommend an earlier canvass, after five years, the Secretary of State will have to reflect on that view and agree or not agree; but the onus will always be on the chief electoral officer to examine the legitimacy of the register on the basis of the criteria in clause 4.

It is a simple matter. We expect a canvass to be conducted every 10 years. If the chief electoral officer suggests that the canvass should be conducted earlier, the Secretary of State will have to consider the request and make a case for or against it.

Lembit Öpik: The fact that this discussion has continued for nearly half an hour gives a good clue to

the fact that there is something amiss. The Minister has given an example of circumstances in which financial expediency might cause the Secretary of State to overrule the guidance of the chief electoral officer, who, after all, must take account of what is reasonable and practicable. The Minister, like me, knows very well that canvass data becomes outdated very quickly, and 10 years would be a ludicrously long time not to update it. May I suggest a way out of the problem? Before the Bill goes to the other place, may we have a chance to discuss and reflect on the issues and try to establish a more consensual approach? It is obvious to me that the Minister is doing his best, but not succeeding in convincing a number of Members who feel that the Government have not quite got it right.

Mr. Hanson: I am always grateful for the hon. Gentleman's help. I know that he has my best interests at heart, and that he is looking after me and supporting me fully. I am sure that even the hon. Member for Tewkesbury (Mr. Robertson) has my best interests, and those of the Government, at heart. However, we have made a judgment. We thought about the matter carefully, and we feel that the 10-year period is sufficient. We have taken account of the fact that the chief electoral officer may make the request. I admit that the Bill allows the Secretary of State to refuse that request, under a range of provisions with which we shall deal later, but I believe that the fact of the request being made would weigh heavily on the mind of a Secretary of State.

I return to the original principle. The legitimacy of the electoral register is paramount to the democracy of the United Kingdom and of Northern Ireland, and it is therefore central to what the Government are supporting. I hope that those who tabled the amendments will not press them to a vote, but if they do, I will encourage my hon. Friends to vote against them. There is potential for further discussions later, if that is what hon. Members want.

Lady Hermon: I am terribly sorry to disappoint the Minister, but I have certainly not been persuaded by his arguments, and I will not withdraw amendment No. 26. I hope and expect that the hon. Member for Montgomeryshire (Lembit Öpik) feels the same.

The Minister was totally unconvincing. It would have helped if he had done a bit of homework, and reflected on what was said by the Secretary of State less than a month ago. Let me refresh his memory. If I recall correctly, he was present when the Secretary of State gave the House the following assurance:

> "We want to modernise still further the registration arrangements in Northern Ireland, safeguarding the dramatic improvements in the accuracy of the register . . . In allowing us to do this, the registration clauses of the Bill go to the heart of increasing trust and engagement in the political and democratic process."—[*Official Report*, 13 March 2006; Vol. 443, c. 1174.]

However, this afternoon the Minister, who was listening carefully, will have noticed that not a single voice—apart from his—was heard in support of clause 3. It is regrettable that, in quoting from the part that refers to the power of the chief electoral officer, he omitted the crucial word "and" between paragraphs (a) and (b) of subsection (2). It is not just a question of the wish of the chief electoral officer; he must abide by very relevant registration objectives specified in clause 4. For instance, he—or she: we are to appoint a new chief electoral officer—may fear that entries in the register are false. Clause 4 imposes objectives and obligations on the chief electoral officer, and consequently any recommendation for the Secretary of State to arrange an earlier canvass has been made with very good reason.

When pressed by various hon. Members, the Minister used an unfortunate phrase. He said that the public interest might just boil down to financial interests. Democracy does not come cheap. As an elector in Northern Ireland, I am offended—as my constituents will be—that a Minister of the British Government should say in the House of Commons that the public interest might mean that an up-to-date accurate register was too expensive.

Mr. Hanson: I used that as one example, because we are talking about 1.7 million people. There may be many related examples, with which we may deal later. As the hon. Lady will see if she reads *Hansard* in due course, I did say that it would be a brave Secretary of State who refused the recommendation of the chief electoral officer.

Lady Hermon: I thank the Minister for that attempt to clarify the issue, but he was able to give only one example of the public interest. On two consecutive occasions, he referred to financial interests. That is most regrettable.

The Minister says that it would be a brave—a courageous—Secretary of State who used the power for which the Bill provides. The Bill empowers the Secretary of State to override the chief electoral officer if the Secretary of State

> "is satisfied that the public interest requires a canvass".

That is in clause 3(2)(b). The clause does not state that the Secretary of State must have reasonable grounds for his belief, or that any other considerations should be taken into account. It merely states that the Secretary of State must be satisfied that there is an overriding public interest before setting aside the chief electoral officer's recommendation.

That wording is carefully chosen. As the hon. Member for South Staffordshire (Sir Patrick Cormack) pointed out, given the inbuilt Government majority, resistance to any order presented to the House in the form of delegated legislation would have no chance of success. Moreover, having been subjected to the affirmative resolution procedure, it would be beyond challenge in the courts. Only the Secretary of State need be satisfied; there are no reviewable objectives or reasonable grounds to determine what constitutes the public interest in this clause.

For all those reasons, and having been completely unpersuaded by the Government's response to legitimate concerns expressed from every part of the Committee, I intend to press my amendment to a vote.

Question put, That the amendment be made:—

The Committee divided: Ayes 214, Noes 291.

Division No. 210] **[2.59 pm**

AYES

Afriyie, Adam	Bacon, Mr. Richard
Ainsworth, Mr. Peter	Baker, Norman
Amess, Mr. David	Baldry, Tony
Ancram, rh Mr. Michael	Baron, Mr. John
Arbuthnot, rh Mr. James	Baith, rh Mr. Alan

Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Blunt, Mr. Crispin
Bone, Mr. Peter
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Duddridge, James
Duncan, Mr. Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Durkan, Mark
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Forth, rh Mr. Eric
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Galloway, Mr. George
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gorst, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Hosie, Stewart
Howarth, David
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, Dr. Alasdair
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Opik, Lembit
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Scott, Mr. Lee
Selous, Andrew
Shephard, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Tapsell, Sir Peter
Taylor, David
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Tobias Ellwood and Andrew Rosindell

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike

Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Malleber, Judy
Mann, John
Marris, Rob
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Frank Roy and
Mr. Parmjit Dhanda

Question accordingly negatived.

Mr. Laurence Robertson: I beg to move amendment No. 13, in clause 3, page 2, line 37, at end insert—

'(2A) For the purposes of subsection (2) the "public interest" is the requirement to meet the "relevant registration objectives" as set out in section 4.'.

The First Deputy Chairman: With this it will be convenient to discuss the following amendments:

No. 27, in clause 3, page 2, line 37, at end insert—

'(2A) When considering a recommendation from the Chief Electoral Officer under subsection (2)(a) above, the Secretary of State must have particular regard to prevention of electoral fraud with a presumption that prevention of electoral fraud is in the public interest.'.

No. 17, in clause 3, page 3, line 12, at end insert—

'(5A) For the purposes of subsection (5) the "public interest" is the requirement to meet the "relevant registration objectives" as set out in section 4.'.

Mr. Robertson: These amendments are similar to the ones in the previous group, and it was perhaps unfortunate that we could not consider them all at the same time. I do not want to try your patience, Mrs. Heal, but I suspect that it is to some degree inevitable that we might have revisit some of the arguments presented previously.

We had a long debate on the timing of the canvass. The annual canvass has been abolished: it is now proposed to hold a canvass in 2010, and possibly in intervening years as well, unless the Secretary of States makes an order providing that that requirement does not apply. In intervening years, the chief electoral officer can recommend that a canvass should be conducted, but it will take place only if the Secretary of State is satisfied that the public interest requires it. Indeed, the 2010 canvass can be cancelled if the Secretary of State, having considered the CEO's recommendation, is satisfied that the public interest does not require it.

Hon. Members from all parties have expressed concern about what the term "the public interest" means. That is an important matter in Great Britain, but

[Mr. Robertson]

the fact that citizens in Northern Ireland have generally been treated less well in legal terms than their counterparts in Great Britain means that the vagueness of the term arouses even more concern. I have tabled these amendments to tease out from the Minister the circumstances under which the 2010 canvass, or a canvass in an intervening year, might not take place. I accept that the requirement to keep the debate relevant to the amendments under discussion limited his opportunity to expand on that previously, and I hope that he will be able to say more this time.

Mr. John Gummer (Suffolk, Coastal) (Con): Does my hon. Friend agree that it is essential to aim for normality, in Northern Ireland even more than in any other part of the UK? Providing for exceptions using a phrase as vague as "the public interest" is, prima facie, rather dangerous. Does he accept that the Government would need a very strong reason for making an exception, especially given that this Bill is in respect of Northern Ireland?

Mr. Robertson: I am grateful to my right hon. Friend for that intervention. He is absolutely right. As I tried to explain, using the term "public interest" in respect of Great Britain is unacceptably wide; to use it in terms of Northern Ireland requires some explanation, with good reason to support it.

As I said in an intervention earlier, I am a little concerned about the independence of the chief electoral officer. Perhaps the Committee will forgive me if I fast-forward to clause 8 which states:

"The Chief Electoral Officer . . . is appointed by the Secretary of State . . . A person must not be appointed as Chief Electoral Officer for more than 5 years at a time."

Furthermore, he cannot hold office for more than 10 years. By comparison, the police ombudsman is appointed by Her Majesty the Queen, although I accept that it is by recommendation—no doubt from the Secretary of State. Why is the situation different for the chief electoral officer?

Clause 8 does not lead us to believe that the CEO would be independent. As I noted earlier, the relationship between the CEO and the Secretary of State will be somewhat incestuous. The Minister says that the 2010 canvass would be cancelled only if the CEO had made a recommendation against it, but surely in the real world the Secretary of State could put pressure on the CEO if he thought it appropriate.

I am concerned about the situation, although as we explored it in great depth during the previous debate I shall not repeat the arguments, but will the Minister give us some examples of what the public interest would mean under the clause? He gave a financial example to show why the 2010 canvass might not take place. He has just had several minutes to discuss other possible examples with officials and colleagues, so I hope that he can offer some to show why he feels that the Secretary of State would overrule the CEO. In particular, will he give us his interpretation of what "the public interest" would actually mean?

Lady Hermon: I shall address my remarks to my amendment No. 27. I remind the Minister that just over a month ago, on Second Reading, the Secretary of State gave us this assurance about measures for the registration of voters:

"The measures broadly mirror change being introduced in the rest of the United Kingdom by the Electoral Administration Bill, as the Government believe that it is right that the citizens of Northern Ireland should enjoy the same rights as those of the rest of the UK."—[*Official Report*, 13 March 2006; Vol. 443, c. 1175.]

As the Minister reflects on the words of his esteemed colleague, he may care to try to reconcile the differences between the Electoral Administration Bill and this Bill, especially clause 3, under which the Secretary of State has exclusively been given the power to override a decision of the chief electoral officer in "the public interest"—whatever that will mean. The Minister has of course assured us that it means more than a financial interest, although he mentioned financial interests twice in our earlier debate, so we wait with bated breath to hear what else might amount to public interest.

The Minister may also care to study the Electoral Administration Bill, currently in another place, to which his colleague referred to on 13 March, for a direct comparison in respect of the rights that the people of Northern Ireland should have. There is no provision for a Secretary of State in any other part of the United Kingdom to override the collection of information by an electoral officer. Will the Minister address that inconsistency?

I dislike subsection (2)(b) of clause 3 and the Minister would be well advised to remove it. The inclusion of a reference to the Secretary of State having power to override the decision of the chief electoral officer in the public interest has caused enormous annoyance among Members who have spoken. Only the Government are in favour of the provision. If the Minister does not heed our advice, I urge him to ensure that my amendment No. 27 is adopted, because at least it indicates that where the chief electoral officer is concerned about electoral fraud the presumption will be that a canvass is in the public interest to eradicate that fraud. The matter would be brought to the attention of the Secretary of State by the person most keenly interested in having a valid, proper, up-to-date, modern electoral register—the chief electoral officer.

My amendment reads:

"When considering a recommendation from the Chief Electoral Officer under subsection (2)(a) above, the Secretary of State must"—

that is an obligation and a duty—

"have particular regard to prevention of electoral fraud with a presumption that prevention of electoral fraud is in the public interest."

It is inconceivable that the Minister could come to the Dispatch Box and say that the prevention of electoral fraud was not in the public interest. He can make no logical objection to such a sensible amendment.

I would prefer that subsection (2)(b) was withdrawn altogether and deleted from the face of the Bill. However, if the Minister insists on it, I ask him to adopt my amendment to make quite sure that when the chief electoral officer indicates his or her wish to eradicate electoral fraud, it will be in the public interest to hold a canvass.

Mark Durkan: The Minister will obviously be aware from the previous debate that there is real suspicion and concern that the Bill gives the Secretary of State significant override powers when the concept of "public interest" is not defined. Going on form rather than faith, it would be hard to trust any Secretary of State who had such sweeping powers, especially in circumstances where the Secretary of State was not required to exercise them in a defined and clear context—where there was no clear working premise for the exercise of such powers. If the Minister wants us to believe any of the reassurances, I am sure he will accept the amendments, which would define the public interest.

In his closing contribution on the last group of amendments, the Minister told us that the integrity of the registration process must be paramount, yet he offered as the only specific public interest consideration that would lead the Secretary of State to override the recommendation of the chief electoral officer a financial consideration—that in the circumstances, £1.7 million might too much to uphold the integrity of the registration process, which is said to be paramount.

3.30 pm

The amendments would ensure that the terms used by the Minister are extended to the Bill. If it is good enough for Members to be asked to accept his assurance, it should be good enough for him to include it in the Bill on behalf of Members. That is the point of the amendments, which seek a clear definition of the public interest. We know from so many other occasions that when it is not defined, we are treated to those empty but supposedly magic words, "the public interest".

When parliamentarians demand answers and explanations, the explanation that we are given is "the public interest". Parliament is not allowed proper debate, scrutiny, consideration and exposure of the issues involved. The concept of the public interest is meant to protect the public from stupid decisions, not from proper parliamentary scrutiny. I ask the Minister to accept these reasonable, sensible amendments, which are entirely consistent with the arguments that he made. He cannot ask us to believe those arguments, and then reject the amendments and call on his colleagues to vote against them.

I was trying to be helpful, perhaps in a dangerous way, when I pointed out to the Minister that there are other public interest considerations that might influence the chief electoral officer and perhaps even the Secretary of State when it comes to adjusting dates. The clauses that we have just passed permit a general canvass before 2010, as opposed to just after 2010. A census is due in 2011. I accept that there could be a number of practical issues in relation to 2010 that would give rise to legitimate questions of public interest.

If the chief electoral officer is to undertake a general canvass in the autumn of 2010, he will be trying to marshal many of the same canvass personnel as will be employed in the census in the spring of 2011. That gives rise to issues of comparable remuneration and pay rates. That was an issue when I, as Minister for Finance and Personnel in Northern Ireland, was handling the census in 2001. There are also issues of public communication. In the run-up to the general canvass in 2010, will that be confused with the public information that has been issued in the build-up to the census in the spring of 2011? There could well be good reason for bringing the general canvass forward to 2009, for example.

Various public interest questions are involved, but when it comes to decisions about electoral registration, the paramount consideration must be not whether it is for the convenience of people carrying out the canvass, but whether optimum working conditions will be created for the chief electoral officer to ensure that a proper registration canvass is carried out.

If the Secretary of State has powers to overrule the chief electoral officer, possibly for unstated reasons, or to ignore his recommendation, and if those powers are combined with those given later in the Bill for the Secretary of State to take control of the appointment of the chief electoral officer and to dismiss that officer, a potential twilight zone begins to emerge.

One of the things that we are constantly shown on television is the famous Jeremy Paxman interview with the former Home Secretary and former leader of the Conservative party about whether he did or did not threaten to overrule the former head of the prison service, and whether or not there were implications or suggestions about this, that or the other.

We see a twilight zone where all sorts of scenarios that are suggestive and reminiscent of what is implied by those questions might well arise. We might not be dealing with the same the Secretary of State for Northern Ireland in a number of years' time. The Secretary of State for Northern Ireland is also the Secretary of State for Wales. We know from previous proposed departmental reconstructions that the Government have thought about doing something along the lines of the BBC's director of nations and regions, by putting together some of the territorial ministries. We could well find that the Secretary of State for Northern Ireland will be housed in future in some mutation of the Department for Constitutional Affairs, which is the Department where overall responsibility for electoral administration resides.

If the precedent is created that a Minister in that Department has powers to appoint, dismiss, override and ignore the chief electoral officer for Northern Ireland, hon. Members from my side of the water need to consider the precedent into which they might be sleepwalking if they accept what is being offered. So I ask the Minister, on behalf of the Government, to think again and to think better, not just with eye to the situation that would unfold, but because of the very awkward and dangerous precedent that might be created more widely.

Lembit Öpik: As the hon. Member for Tewkesbury (Mr. Robertson) pointed out, this is something that we have covered to a fairly large extent. The issue is fairly simple. Of course, the Minister has the opportunity to provoke us into a vote if he wants. I hope that he does not take that opportunity. I hope instead that he takes the common-sense position.

Why will the Government not accept these points? They have just won a vote that will give the Secretary of State the power to overrule the chief electoral officer with regard to the 2010 canvass. I am sure that the Minister would not be so brash as to deny the common-sense nature of all three amendments in this string.

[Lembit Öpik]

Either the Minister accepts the principle of the amendments, in which case we can move on quickly to the next clause, or he must explain why he wants to give the Secretary of State the political wriggle room to define public interest.

The Government and the Minister very well know that there is a degree of cynicism among some hon. Members about the manipulation of things such as election dates in Northern Ireland for political reasons. Many of us think that the Government entered an entirely counter-productive pathway, by changing the date of the election to help the Ulster Unionist party, thus delivering to the Democratic Unionist party the exact result that we could all see would happen, to the DUP's great credit. So the Government have some form, in that they have wanted some wriggle room for political advantage.

At the heart of this set of amendments is surely the principle that the Secretary of State must not have political wriggle room in matters of public interest in relation to the avoidance of electoral fraud. Therefore, I echo the question already raised by the hon. Members for Foyle (Mark Durkan) and for Tewkesbury; will the Minister accept the amendment and, if not, what possible motivation could the Government have to try to build political wriggle room into something as important as the probity of the electoral canvass?

Sir Patrick Cormack: A few years ago, there was a great deal of debate in the House about what were called Henry VIII clauses. This, in effect, is a Henry VIII clause, because it will give the Secretary of State total power to interpret two words that can have the broadest and most general of meanings in a variety of contexts—"public interest". The Secretary of State of the day who will decide what those two words mean.

As the hon. Member for Montgomeryshire (Lembit Öpik) said a moment or two ago, we have had examples of the political interpretation of those words. Earlier this afternoon, we had a quite absurd example of a financial consideration, when the Minister stood at the Dispatch Box and said that the Government could decide that £1.7 million—the price of modest London flat—is too much to spend on counteracting fraud.

Lembit Öpik: That would not be modest for me.

Sir Patrick Cormack: I can assure the hon. Gentleman that it would not be modest for me, either.

We all know from the property columns of newspapers that £1.7 million does not buy an awful lot these days—*[Interruption.]* That is absolutely true. One need look only at the rather frightening property columns in almost any newspaper to realise that in all parts of the country, including the Minister's constituency, many properties are selling for that amount. That illustration is certainly less fatuous than the Minister's when he said that £1.7 million might be too much to spend to avoid fraud.

Mr. Gummer: Does my hon. Friend agree that, prima facie, the public interest in the north of Ireland should be the same as in the rest of the United Kingdom, and that making this sort of distinction is basically wrong—not just marginally, but fundamentally wrong?

Sir Patrick Cormack: I agree completely. I have said many times during my time as Chairman of the Select Committee on Northern Ireland Affairs that we want Northern Ireland to be a normal part of the UK, in the same way that Wales, Scotland and England are. At the moment, it is manifestly not and what we are debating now is a further illustration of the problem, which perpetuates the position and is fundamentally wrong.

If I have to accept these words about the public interest in the Bill—I would much rather they were taken out and wholly agree with the hon. Member for North Down in saying that—they must be precise, specific and defined. My hon. Friend the Member for Tewkesbury (Mr. Robertson) and the hon. Member for North Down have both attempted to provide definitions. I hope that neither of them will take it in bad part if I say that they are imperfect attempts to create the definitions, but at least they are genuine attempts to do so.

The very least that the Minister should do this afternoon, if he cannot undertake to remove the entire provision—I agree absolutely with what my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) said a few moments ago—is to affirm that the Government will take the problem away for further consideration and seek to table amendments in the other place to encapsulate the amendments of both the hon. Member for North Down and my hon. Friend the Member for Tewkesbury. If he wants to satisfy us, he should take it even further and call in the spokesmen for all the major political parties in Northern Ireland, see them either individually or collectively, and properly discuss the business of the public interest to see what can be agreed. After all, the Government set great store on finding consensus at the moment and are embarking on a series of talks. If it is so important to do so, which I fully accept, in respect of the operation of devolution, it is of equal importance to embark on talks that will lead to a consensus in respect of legislation passed by the House.

I hope that the Minister will give us a much more satisfactory reply than he gave us about half an hour ago at the end of the previous group of amendments. I hope that the House will not need to divide again, but if the Minister fails to give us a satisfactory reply I fear that it will probably have to do so.

Dr. McCrea: I have listened with interest to the remarks of the hon. Member for South Staffordshire (Sir Patrick Cormack) and I believe that the Minister has been given the necessary room to act in good faith. I have no doubt, from what the Minister has already said, that he is speaking in good faith in so far as he sees the situation. I wish to make it clear that what we are saying is not an attack on the personal integrity of the present Secretary of State or any successor. We are talking about the powers given to the Secretary of State generally.

Clause 3 tells us that the Secretary of State has to be satisfied that conducting a canvass meets the public interest. In other words, the public interest is defined by

the Secretary of State, but surely it is the community that has to be satisfied that the public interest is being met and we need an appropriate rather than a political interpretation. Let us remove all ambiguity by having a clear definition and a clear interpretation of what "public interest" really means.

3.45 pm

We all know in Northern Ireland of the talks involving a certain gentleman who used to be in the House and the leader of the Ulster Unionist party, the then leader of the SDLP and Sinn Fein. They came out of the talks and said, "Look at what we've got." One said one thing and another said the very opposite. One claimed that the talks had resulted in a securing of the Union and the other said that they were a major step towards a united Ireland. That leaves suspicion. We are talking about removing electoral fraud and about a register that will be involved in the election of representatives to Stormont, Westminster and local government. Therefore, it must have integrity and the community must have confidence in it.

Recently, we heard that prosecutions had been withdrawn because it was not in the public interest to continue with them. What does it all mean? The hon. Member for Foyle (Mark Durkan) touched on this a moment ago, because we did try to find out what the words "public interest" meant. We could not have a debate about that here; we were not allowed a debate. Therefore, it is important to get crystal clear what we are talking about. The Secretary of State will be given power and he has to be satisfied that the public interest is met. Surely, on behalf of the electorate of Northern Ireland and through their parliamentarians here, we should nail what the public interest really means.

I ask the Minister not to go to the wire. As was suggested by the hon. Member for South Staffordshire, I make an appeal for a relevant change to be brought forward in the other place to satisfy the reasonable demands that have been made. I trust that the Minister accepts that we are also talking in good faith and that the Government could give way on the rational and reasonable demands that we are making.

Mr. Hanson: I again thank hon. Members for their contributions in highlighting the issue before us. However, I have to say that I have the impression that my response will disappoint hon. Members.

Dr. McCrea: Again.

Mr. Hanson: Yes, again. I am very sorry to disappoint the hon. Member for South Antrim (Dr. McCrea) again—*[Interruption.]*—and the hon. Members for Foyle (Mark Durkan), for North Down (Lady Hermon), for South Staffordshire (Sir Patrick Cormack), for Montgomeryshire (Lembit Öpik) and for Tewkesbury (Mr. Robertson) again—*[Interruption.]*—and the hon. Member for Belfast, North (Mr. Dodds) and any other Members in the House.

Mr. Laurence Robertson: It may have escaped the Minister's attention, but he has named virtually everyone who has taken part in any debate in the House today.

Mr. Hanson: I am afraid that, again, I will have to disappoint hon. Members.

Points have been raised in the House and we had a full three-month consultation on the document. I met the political parties who wished to see me about the document and, at no stage in the consultation or in the meetings that I had with hon. Members about this topic, did any hon. Member or anyone else raise this point about the Secretary of State. I recognise that the House has primacy and a role in discussing these matters, but I simply put on the record that nobody has raised these points before today.

Mr. Gummer: Does the Minister accept that every person who has spoken on this issue has made the same clear point and that we are dealing with the delicate matter of the normalcy of Northern Ireland? Could he not therefore accept that, on this occasion, the only people who are on his side are not here, not speaking or have no view? Does that not embarrass him?

Mr. Hanson: I am grateful for that contribution. If the right hon. Member for Suffolk, Coastal (Mr. Gummer) had been present for the debate on the previous group of amendments, he would have heard a full discussion of similar issues.

Dr. McCrea: Surely the right hon. Member for Suffolk, Coastal (Mr. Gummer) should also be told that the Benches behind the Minister were empty then and nobody, but nobody, in the House spoke up for his proposal. He was on his own on that occasion, as well.

Mr. Hanson: I think that the hon. Gentleman will find that I was not on my own—I had 290 colleagues in the Lobby with me. They have full confidence in my position in putting forward these proposals on behalf of the Government today.

Serious issues have been raised by hon. Members. I hope that what I am about to say will also address the point that was raised by the right hon. Member for Suffolk, Coastal. The purpose of this set of amendments is to remove the Secretary of State from the equation. The Secretary of State will act on a recommendation from the chief electoral officer.

Mr. Laurence Robertson: This set of amendments is intended not to remove the role of the Secretary of State, but to define the words "public interest".

Mr. Hanson: I am grateful for what the hon. Gentleman has said, but the previous debate and this debate have essentially been about removing the Secretary of State's role.

Lembit Öpik: I am sorry, but the Minister cannot get away with this. He is living in the recent past, when apparently 290 of his colleagues were all watching the debate on television and, unlike any single person in the Chamber, were convinced by his argument. The difficulty in this case is that we are not seeking to eliminate the Secretary of State from the process; we are seeking to define the conditions that have to be fulfilled, to understand clearly what a breach of public interest means. The Minister cannot hide behind his words. He

[Lembit Öpik]

needs to address the words used in the amendment and explain why he does not want clearly to define what public interest means in this circumstance.

Mr. Hanson: I am grateful to the hon. Member for Montgomeryshire, who is the only Liberal Democrat Member in the Chamber. He is obviously speaking on behalf of all his colleagues, as I am on behalf of mine.

The debate and the amendments are about the Secretary of State's role in monitoring the process. In the debate on the previous set of amendments, I said that the recommendation from the chief electoral officer will go to the Secretary of State, who can, if he wants, override those wishes on the ground that he is satisfied that that is in the public interest. I have given examples. Potentially—I am simply saying potentially—public interest could relate to cost.

I take the point that the hon. Member for Foyle put to me. I go back to first principles, as I have mentioned. The integrity of the register is paramount. If it is not true and accurate, that taints the quality of the membership of this House and any other elected body. I take the point that he has made. I am simply saying that one aspect of that, potentially, could be for the Secretary of State, at that stage, to consider a cost element. Another aspect of the public interest could be for the Secretary of State to consider the points that were well put by the hon. Member for Foyle in relation to the census and the organisation of that.

Another aspect of the public interest could arise in the event of a weak chief electoral officer being appointed, who could be lobbied by one or more parties to undertake a canvass and could determine to do so. I am not saying that the chief electoral officer is or will be weak, but the potential could be there. I am simply saying that there are potential areas where the responsibility for the integrity of the electoral register rests with the electoral officer. He may recommend that a canvass is undertaken, but, under this power, a future Secretary of State may determine that the circumstances are not right for that canvass to take place.

I am simply saying to all hon. Members that the Secretary of State retains that role. As I have indicated, it would be a brave Secretary of State who turned down a recommendation for a canvass by an electoral officer, but I wish to retain the power for him or her to do so because, potentially, the Secretary of State may, at that stage, determine that to be in the public interest.

Lady Hermon: The Minister laboured the point that political parties did not object during the consultation process, but I would be interested to hear what the chief electoral officer said—I assume that he was consulted. Moreover, I would love to hear the reaction of the Northern Ireland Human Rights Commission to the Secretary of State's attempt to override the chief electoral officer's decision and cut across provisions of the Human Rights Act 1998 and the European convention on human rights on the obligation to have free elections under conditions that ensure the free expression of the opinion of the people when voting for the legislature.

Mr. Hanson: I recall that the comments of the chief electoral officer indicated that he was happy with the package of measures that we brought forward. However, if the view is contrary to that, I will certainly inform the hon. Lady in due course.

Sir Patrick Cormack: Presumably, the chief electoral officer did not see the Bill before the House of Commons, so the consultations were general. We now have a situation in which the Minister is content that the Secretary of State shall have complete power to interpret the words "public interest" as he chooses and does not have to explain to anyone how he reaches that decision. He would not have to say that, in his opinion, public interest was this, that and the other. The amendments are an attempt by my hon. Friend the Member for Tewkesbury (Mr. Robertson) and the hon. Member for North Down (Lady Hermon) to give the bones of a definition. The Minister was quite wrong to suggest that we were trying to write the Secretary of State out—we accept, reluctantly, that he is in. All that we want is a clear definition of what the public interest is all about.

Mr. Hanson: I hope that what I say helps the hon. Gentleman because I know that he is trying to be helpful. If the chief electoral officer determined that a canvass should take place, but the Secretary of State determined that it should not, I am sure that the Secretary of State would have to publish his reasons because the chief electoral officer could, if he wished, make public the fact that he had made a recommendation to that effect. The Secretary of State would thus have to argue publicly the reasons why he did not accept the recommendation.

The phrases involving public interest that have caused hon. Members concern are contestable phrases. The concepts are known to the courts and contestable in the courts, and the Secretary of State would, potentially, have to publish his reasons for disagreeing with the chief electoral officer. Additionally, the Secretary of State's decision could be subject to judicial review in the courts if any individual were so minded to contest that view.

Mr. Gummer: There is nothing in the Bill to say that that would have to happen. The Prime Minister refused to answer a question of mine on the bombing of an aspirin factory in Sudan with the simple words that it would not be in the public interest to explain why that happened. The answer was outrageous, but there was no explanation of what the public interest was. The Prime Minister decided and applied the public interest and it stood. If that happens in the House of Commons, it will happen elsewhere, and that is why we are suspicious. The citizens of Northern Ireland cannot accept that the words "public interest" shall be interpreted by the person who will use that interpretation to do what he thinks is in his interest. That is the problem, and unless one divorces the two, the measure will be seen as wrong.

The First Deputy Chairman: Order. Interventions are getting very lengthy.

Mr. Hanson: I understand the point that the right hon. Gentleman makes, but simply say to him that a public interest decision is contestable. The defence drawn by the Secretary of State could be contestable in the courts. There would be a possibility of judicial review, and—I return to this fact—it would be a very brave Secretary of State who took such a decision.

The power is in the Bill because we believe that there might be circumstances—I have outlined some unlikely ones relating to cost, the census, or a situation in which a weak chief electoral officer was in post—in which the Secretary of State might wish to exercise it. In normal circumstances, I do not envisage that any Secretary of State would refuse such a request from a chief electoral officer.

Sammy Wilson: The Minister is doing his best to try to find reasons why the Secretary of State may refuse to allow a census. However, his last example concerned the weakness of the chief electoral officer. Is the Secretary of State likely to give such a public explanation, especially as the relevant provision allows him to dismiss the chief electoral officer if he is not fit for office? If he was weak and not fit for the job, the public would ask why he had not been dismissed.

4 pm

Mr. Hanson: I am trying to be helpful to all hon. Members. The provisions would be used in extremis. In normal circumstances, the chief electoral officer is independent of the Government and will make decisions and recommendations that will be acted on by the Government. However, there may be circumstances, a few of which I have outlined—I accept that hon. Members do not share my analysis—in which the Secretary of State does not wish to accept the chief electoral officer's recommendation. If that is the case, it is in the public interest for the Secretary of State to defend the matter to the public at large, because the electoral officer can, if he wishes, make his recommendation public. It is contestable in the courts, and it can be argued in the public domain. The Secretary of State is accountable to the House for his decisions through discussion, debate and questions. Those are accountability issues. There may be circumstances in which the Secretary of State does not wish to accept a recommendation for an annual canvass by the chief electoral officer. If those circumstances arise, I imagine that there will be all hell to pay but, none the less, they could arise.

Mark Durkan: The Minister is talking about the independence of the chief electoral officer, yet there are provisions in the Bill that chip away at that independence, so he is not the final arbiter on any matter that is supposed to be within his competence. The Minister suggested that he could be weak and could undertake a registration exercise after being approached by the parties. The fact is, however, that in the past, Secretaries of State have moved election dates after an approach from parties. They have justified pursuing things that excluded other parties by saying that it was in the public interest. It never worked, and it was not right. Why are the Government trying to do it with this as well?

Mr. Hanson: I am in danger of repeating my arguments. I am simply saying to all right hon. and hon. Members that the electoral officer has the integrity of the register at heart. Under clause 4, he is responsible for maintaining the register and its electoral integrity and, as part of that responsibility, he may wish to make a recommendation to the Secretary of State for an annual canvass. However, there may be circumstances in which the Secretary of State does not agree with that recommendation and wishes to override it. In extremis, such decisions may be made on financial grounds, on grounds relating to the census itself and for a range of reasons. I accept that I am pleading with the House in future to trust the Secretary of State, whoever they are, but their reasons for such decisions will undoubtedly be made public. They will be contestable in the courts, and they will be open to judicial review and to question in the House, so there is a safeguard if the provision is used in extremis.

Sir Patrick Cormack: None of those things may happen, although they are possibilities. The Minister may rule out my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) and me, but is he not concerned that representatives from all the democratically elected parties who sit in this House and who take up their obligations as Members of Parliament from Northern Ireland are deeply disturbed? Has he not been persuaded to think again by the united voice of the SDLP, the DUP and the Ulster Unionists? He must engender confidence in Northern Ireland, which he manifestly has not got.

Mr. Hanson: I recognise the hon. Gentleman's point. On a number of decisions I have not had the confidence of all the parties in this House, which is sometimes the nature of politics. As I have said, no one raised that concern in the consultation. I accept the concerns raised by hon. Members, and simply say that the power will be used only in extremis.

Mr. Laurence Robertson: In many hours of debate with the Minister, he has never failed to give way, and I appreciate his courtesy. Under clause 3, the chief electoral officer would make

"a recommendation in favour of a canvass being conducted in that year for the purpose of meeting the relevant registration objectives".

Those objectives are listed in clause 4, and one of them is to ensure

"that every person who is entitled to be registered in a register is registered in it".

That is an important reason to request that a canvass should take place, but the Minister is in effect arguing that there may be an overriding reason to prevent that register being accurate.

Mr. Hanson: I agree with the hon. Gentleman. In extremis, the Secretary of State may find reasons to take that action, and I have tried to indicate to the Committee what they might be. As my hon. Friend the Member for Foyle has said, those reasons include a clash with the census, pressure from political parties and matters involving funding. Clause 4 allows, when responsibilities are determined, the chief electoral officer to ask the Secretary of State for an annual canvass. A future Secretary of State would decide not to accede to such a request only in extremis. However, I will not rule out the possibility that a future Secretary of State might make such a decision, in which case they would have to publish the reasons why, and such a decision would be open to both judicial review and the questioning of this House.

Dr. McCrea: The Minister has put it on the record that nobody raised the matter in the consultation, but

[Dr. McCrea]

parliamentary debates take place in this House. When did the Minister tell the parties that this power was being given to the Secretary of State? When in discussions did he make that point clear to the political parties and allow them to react to it, because my hon. Friends cannot remember that happening?

Mr. Hanson: In the consultation, we outlined how the electoral officer's role will be undertaken when we discussed the role of the Secretary of State and others. If hon. Members are unhappy with the proposals before the Committee, they can vote against them today and they can be raised in another place. Obviously, we will examine the points that have been made in today's debate. In my view, it is essential that the chief electoral officer has a role in determining when the annual canvass takes place. The chief electoral officer will make those recommendations, but in extremis there may be reasons why a future Secretary of State determines that it is in the public interest not to undertake that canvass and rejects the request from the chief electoral officer.

The professionals in this business are the chief electoral officer and his team. As the hon. Member for Tewkesbury said, they have a duty under clause 4 to meet the objectives of ensuring that the register is accurate and not open to fraud. I believe very strongly that the integrity of the electoral register is paramount, because it is on that basis that I, and other hon. Members, speak in this House today. I understand hon. Members' concerns, but I do not believe that they are founded in the likely actions of any future Secretary of State.

Mr. Nigel Dodds (Belfast, North) (DUP): To sum up the Minister's position, he seems to be saying that if a recommendation from the chief electoral officer were to be rejected, the Secretary of State would have to explain to the public the public interest reason for that. Would not it be far better simply to drop this provision, so that if some extreme circumstances were to arise in future, the Secretary of State could come to the House to explain what they were and could take action at that stage? The Minister has singularly failed to give a good reason why this open-ended provision should be in the Bill.

Mr. Hanson: I am grateful to the hon. Gentleman for that intervention. I am sure that that is an alternative scenario that could equally well have been undertaken. However, I imagine that were the Secretary of State to do that at some point in the future—in 2011, 2012, 2013 or 2014—there would be an almighty row in this House, as there will be if the Secretary of State exercises the power under the Bill.

I understand that I am asking hon. Members to give discretion to a future Secretary of State, but I believe and trust that any such Secretary of State will act with responsibility and will overrule a chief electoral officer only in extremis for reasons that are in the public interest and that he or she will have to defend.

Sir Patrick Cormack: Having listened to what has been said, particularly by Northern Ireland Members from all parties represented in the House, is not the Minister prepared at least to say that he will discuss this with the present Secretary of State and that he will consider introducing amendments or have his colleagues do so in another place?

Mr. Hanson: As ever, the hon. Gentleman makes a good parliamentary point. That type of discussion might well have occurred were we upstairs in Committee.

Of course, I will be happy to look at the debate and reflect on what has been said, but I will continue to argue for the principle that I have put before hon. Members, because I do not believe that their fears about the extent of the role of the Secretary of State in terms of the electoral register and its compilation are justified. I commend the proposals to the Committee and ask my right hon. and hon. Friends to reject the amendment should hon. Members force it to a vote.

Mr. Laurence Robertson: We have had another prolonged debate on an interesting subject and I should like to run through one or two points that have arisen.

As other hon. Members have said, the previous consultations outside the House are not relevant. We are here to consider the Bill as legislators, and we are entitled to raise points that were not necessarily raised before.

It is a recurring theme that Ministers—not this particular Minister, but the Government—are becoming rather isolated on Northern Ireland business. Given that Sinn Fein Members do not take their seats in this House, the Labour party is frequently the only party putting forward the ideas that appear in the Bill. No other party from either side of the House, including the SDLP, is supporting the Government on any issue. Only yesterday, the Government were isolated when a Northern Ireland order was discussed upstairs. Perhaps the Minister should go away and reflect on a number of issues, including that one.

I was a little concerned—although perhaps it should not have surprised me—when the Minister said that if the chief electoral officer's recommendation were to be overridden, he would have the option of going public. Naively, I had assumed that the recommendation would have been made public in the first place. I would be happy for the Minister to intervene on me to clarify that matter. Perhaps I have missed the point, but I had assumed that the recommendation would automatically have been made public. It alarms me that that might not be the case. This will make the incestuous relationship between the Secretary of State and the chief electoral officer, to which I referred earlier, even more dangerous than I had originally assumed. I shall need to reflect on that.

4.15 pm

Mr. Hanson: I should like to clarify the matter for the hon. Gentleman. The chief electoral officer may make his recommendation public, but he does not necessarily have to do so. It will be the responsibility of the chief electoral officer. He or she may make it public, or decide not to do so.

Mr. Robertson: I am grateful to the Minister for clarifying that the chief electoral officer's recommendation

need not be made public, and that it could be kept private—*[Interruption.]* I hear the suggestion that there might be, in the Minister's own words, a weak electoral officer. Such an officer would surely be bound to keep his recommendations private.

Mark Durkan: Does the hon. Gentleman agree that, when we look at the totality of the Bill, we see that the chief electoral officer will be appointed by the Secretary of State, dismissible by the Secretary of State, and overrideable and ignorable by the Secretary of State? The chief electoral officer will, as never before, be the Secretary of State's chief electoral officer. That is where the real weakness of the chief electoral officer will come from.

Mr. Robertson: I am grateful to the hon. Gentleman for that observation. I do not want to put words into his mouth, but he seems to be suggesting that this is going to be a pretty low-grade job. I mean no disrespect to anyone who is about to hold the position of chief electoral officer, but they will not have much autonomy or influence.

Sir Patrick Cormack: My hon. Friend has teased out of the Minister an admission that is frankly horrifying. The chief electoral officer could go to the Secretary of State and say, "Secretary of State, we need to do this", the Secretary of State could say, "You go back where you came from. It is in the public interest that we do not do that", and none of us would ever know anything about it.

Mr. Robertson: My hon. Friend is absolutely correct.

Lembit Öpik: If we are honest, should we not admit that we have got ourselves into this mess because the Minister is trying to defend an indefensible position? The only way in which he could defend it honestly is by saying that he wants to give the Secretary of State the political wriggle room to make decisions about the electoral canvass in the political interests of a negotiation with one party or another. The chief electoral officer's objective guidance could therefore be overruled for reasons of political expediency, and everyone except the Minister feels that that would be very bad for democracy.

Mr. Robertson: The hon. Gentleman is absolutely right.

I return to the point I made earlier. The chief electoral officer will be able to make a recommendation in favour of a canvass being conducted in a certain year only

"for the purpose of meeting the relevant registration objectives".

Those objectives include ensuring that

"every person who is entitled to be registered in a register is registered in it . . . that no person who is not entitled to be registered in a register is registered in it, and . . . that none of the required information relating to any person registered in a register is false."

All those objectives seem reasonable to me. The chief electoral officer can make a recommendation in favour of a canvass being conducted only on the basis of those objectives. It worries me that the Secretary of State will be able to fall back on an overriding principle in order to cancel such a canvass. What could that principle be? My hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) mentioned that the exercise would cost about the same amount as a modest flat in London. I am not exactly with him on the property league. I think that a more appropriate indicator would be a cost of slightly more than £1 per elector in Northern Ireland, but perhaps I do not live in the same area as him.

Sir Patrick Cormack: I should have referred to a house, and not a flat.

Stephen Pound (Ealing, North) (Lab): Street.

Mr. Robertson: Where I come from, a street would be more appropriate.

In any club that is owned by its members, the first duty of the secretary is to maintain a list of those members, as they will determine the rules and the way in which the club is run. Surely, the most important criterion of a democracy is an accurate register. The Minister is effectively saying, "Okay, but in certain circumstances there are more important considerations." He now appears to disagree, but in that case, why does he not accept the amendments? They are not very revolutionary. I am not even suggesting that we should remove the phrase "public interest". I am seeking merely to ensure that we relate those words to clause 4, which the Minister himself has proposed.

Mr. Gummer: Before my hon. Friend loses the image of the secretary of a club, may I ask what kind of man would be secretary to a club in which he could be prevented from keeping an accurate register? Do not the Minister's words bring to my hon. Friend's mind the words "monkey" and "organ-grinder"?

Mr. Robertson: Perhaps "monkey" and "peanuts" come to mind; I do not know what the salary will be. Nevertheless, the person who takes on the job will read this debate—I do not suggest that they will be listening to it—and be somewhat alarmed. The Minister may have put off a few potential applicants. The job is going to be a very low-grade job. The officer's recommendation on the canvass need not be made public and can be overridden, and the very important responsibilities that should go with the job will rest with the Secretary of State. This is a very low-grade job.

Mr. Hanson: It is not a low-grade job, but an extremely important job that is vital to the democracy of Northern Ireland and which has at its heart integrity in the political process and the integrity of this House. Today's debate has concentrated on the responsibilities of the Secretary of State in extremis to examine reasons why, in the public interest, recommendations may or may not be made by the chief electoral officer. In the meantime, the job is an extremely professional and high-grade job, and I look forward to the post being filled following the retirement very shortly of Denis Stanley.

Mr. Robertson: It should be a high-grade, responsible job. The objectives of maintaining an accurate register are certainly extremely important. I would find it very surprising if the Secretary of State intervened to prevent a canvass that was recommended by the chief electoral officer. Given the importance, especially in Northern Ireland, of maintaining an accurate register, a vague term such as "public interest" should be defined in the

[Mr. Robertson]

Bill, or at the very least—I mean no discourtesy to the Minister—we should be entitled to a better explanation of what it might mean and of what circumstances might be more important than the criteria listed in clause 4.

It was not necessarily my intention at the beginning of the debate to press the amendment to a vote, but in the absence of an adequate explanation, I feel that we must do so.

Question put, That the amendment be made:—

The Committee divided: Ayes 208, Noes 298.

Division No. 211] **[4.24 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Baron, Mr. John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Bone, Mr. Peter
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Duddridge, James
Dunne, Mr. Philip
Durkan, Mark
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Forth, rh Mr. Eric
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Mr. Christopher
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julie
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Hosie, Stewart
Howarth, David
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Kestch, Mr. Paul
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, Dr. Alasdair
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shephard, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Tapsell, Sir Peter
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Younger-Ross, Richard

Tellers for the Ayes: Mr. Simon Burns and Andrew Rosindell

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom

Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Hara, Mr. Edward
Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Ian Cawsey and
Mr. Tom Watson

Question accordingly negatived.

Clause 3 ordered to stand part of the Bill.

Clause 4

THE RELEVANT REGISTRATION OBJECTIVES

Question proposed, That the clause stand part of the Bill.

The Chairman of Ways and Means (Sir Alan Haselhurst): With this, it will be convenient to discuss new clause 2—*Maintenance of the registers: Northern Ireland*—

'(1) The 1983 Act is amended as follows.

(2) After section 10A there is inserted—

"10ZA Maintenance of registers: Northern Ireland

(1) The Chief Electoral Officer for Northern Ireland must confirm annually the details of every voter registered in every household in Northern Ireland.

[Sir Alan Haselhurst]

(2) The form to be used for the purposes of subsection (1) above shall be prescribed by the Secretary of State by order, but shall include—

(a) the details of all such persons registered in that household;

(b) the ability for every voter to confirm their details by provision of their signature; and

(c) the ability to amend the recorded information by requesting the removal of a person from the register or requesting an individual registration form to be sent to that particular address to allow another voter to be added to the register.".

Lorely Burt (Solihull) (LD): The new clause deals with voter registration. In the absence of an annual canvass, it proposes that the electoral officer should confirm the existing details of everyone on the register on an annual basis. Every 12 months, households would be sent a form containing the details of all members whose names appear on the electoral register, and they would have to sign the form to confirm that their details were correct. Household members who wanted their names removed from the register could request that it be amended accordingly; alternatively, people could tick a box to ask for a registration form to ensure that a new member of the household appeared on the register in future.

Asking people to confirm or amend their details is a simple exercise and would mean that they would not have to reregister every year. In addition, a much more accurate picture of the state of the register could be compiled. Although we are minded to withdraw the new clause so that the Minister has time to reflect on the matter, we give notice that we will resubmit the proposal on Report.

Mr. Laurence Robertson: I shall be very brief. We have looked at the new clause and have some sympathy with it, as we were not able to make progress on the previous two sets of amendments. I do not want to detain the Committee, but we will consider the proposal in greater detail if it is resubmitted at a later stage.

Mr. Hanson: I am grateful to the hon. Member for Solihull (Lorely Burt) for making it clear that she will withdraw the new clause. I feel that it revisits clause 2, which deals with the annual canvass; in essence, mailing households every year would amount to the same thing.

The new clause would commit the CEO to undertaking an annual mailing to every household in Northern Ireland. Although that would not be an annual canvass of every individual, it would still amount to an annual canvass, by post, of every household. Earlier, the Committee agreed that there was no need to conduct an annual canvass, in part because of the cost implications.

The Electoral Office for Northern Ireland has estimated that it would cost some £300,000 to issue forms to all the households in Northern Ireland. That would cover the cost of the initial posting—which by itself would cost £171,000 a year—the reminder posting that is, sadly, always necessary in such cases, and the freepost envelopes that would also have to be provided. There would be no real benefit for electoral officers.

Later clauses provide that electoral officers will be able to examine a range of other ways to keep the register up to date. For example, they will be able to refer to the utility companies and other sources, and clause 4 also allows them to look at any method of keeping the register up to date.

Lembit Öpik: The Minister said that the provisions in the new clause would provide no real benefit for electoral officers, but the Bill means that there will be no direct connection with voters apart from the canvass to be held once every 10 years. The new clause is a way to prompt him to consider ways to reduce that span of time.

Mr. Hanson: I accept the hon. Gentleman's logic about voter contact, but the Committee—with, for once, the unanimous support of members of the Democratic Unionist party, the Ulster Unionist party, the Social Democratic and Labour party, the Liberal Democrats, the Conservatives and other parties—agreed that the annual canvass should be abolished, as provided by clause 2. There was no debate, and the decision was unanimous.

The new clause proposes that every household be mailed every year, but that would replicate much of what the annual canvass was designed to achieve.

Mr. Robertson: I remind the Minister that we accepted clause 2 only on the basis that our amendments to clause 3 would be accepted. They would have provided the necessary checks and balances, but they were not accepted.

Mr. Hanson: I assure the hon. Gentleman that I am not trying to stir up opposition; I am simply making the point that an annual mailing to households would in part replicate the work of the annual canvass. The chief electoral officer will have power to obtain information from public authorities and others to help him to meet the relevant registration objectives under clause 4. That will help him to track changes to the relevant circumstances of individuals, and he or she will be able to identify people who are not on the register but may be entitled to be included. He or she will also be able to track 16 and 17-year-olds.

The new clause would be an additional burden, and I am grateful for the indication that it will be withdrawn, as it would replicate, in part, a provision that we are trying to remove.

4.45 pm

Lorely Burt: I am grateful to the Minister for his clear and appropriate response, although I cannot agree that our proposal would equate substantially to an annual canvass. While the electoral officer is trying to contact all the utility companies and to cross-reference and check all the information, I respectfully submit that it would be just as easy, under the new clause, to get a clear and accurate view of who is on the register, for the avoidance of fraud and to deal with important issues on which everyone in the Chamber agrees. The new clause is not untoward in terms of cost or effort in relation to the rewards that it would bring. We shall withdraw it, but we shall resubmit it on Report—

The Chairman: Order. The hon. Lady cannot withdraw a new clause that she has not yet moved, and in the light of what she has said, it will not be moved.

Question put and agreed to.

Clause 4 ordered to stand part of the Bill.

Clause 5 ordered to stand part of the Bill.

Clause 6

ALTERATION OF REGISTERS: PENDING ELECTIONS

Lorely Burt: I beg to move amendment No. 4, in page 5, leave out lines 17 to 24.

I shall not withdraw this amendment before I have moved it, and I apologise for any chaos and confusion that I caused my colleagues in the Chamber earlier. Through the amendment, we want to find out why a person who registers close to the date of a poll will be denied the opportunity to have a postal or proxy vote. Although we welcome the extension of the registration deadline, we do not see why a person should be denied that opportunity. There seems to be no real reason why personal identifiers cannot easily be checked and applications verified.

The explanatory notes state that the date for registering will be set out in regulations, but it is likely to be 11 days before the poll. If it is merely a question of sending out ballot papers and having them returned on time, would it make any difference if the late registration deadline was set at, for example, 14 days before the poll? It would be helpful if the Minister could give us a full explanation of the policy decisions behind the clause.

Mr. Hanson: I am grateful to the hon. Lady for raising the issue. Again, however, I am bowing to the will of the chief electoral officer, who has raised concerns with the Government about the potential for fraud if numbers of people registered in the late window; for example, he would not have time before polling day to verify personal identifiers on applications for postal votes. In that context, he has expressed concern about the risk of fraud in the absent vote process. The provisions to prevent individuals who register in the late window from applying for an absent vote reflect his advice to the Government.

Sir Patrick Cormack: What about the public interest?

Mr. Hanson: I did not overrule the chief electoral officer in that instance; I hope that that helps to meet the hon. Gentleman's concerns.

The Government believe that the provisions will protect the integrity of the electoral register, while doing as much as possible to allow individuals to register much nearer the date of an election.I hope that that will reassure the hon. Lady. I am taking advice from the professional officer who is paid to secure the integrity of the electoral register. He has expressed his view that if we accepted the amendments, we would open up the potential for fraud in the postal vote system.

Mr. Dodds: We welcome the extension of the period for late registration. Many people realise that they need to be on the register only when an election is called and canvassing begins. In addition to the existing identifiers and the fact that they will not be allowed an absent vote, what further safeguards will be required of people who seek late registration?

Mr. Hanson: Individuals are allowed to register as normal, with the usual registration qualifications—the three tests, with which the hon. Gentleman is familiar. There will be no change to that, except that they will be able to register up to 11 days before the election. When an election is called and candidates such as the hon. Gentleman or I knock on doors to ask, "Will you vote for us?" people often say that they are not on the register. Now, up to 11 days before the election, they can be on the register. That will assist the process. However, reducing the postal vote deadline from the present 14 days to 11 days would, in the view of the chief electoral officer, allow the potential for fraud. I bow to his advice on the matter. As I said earlier, we are anxious to maintain the integrity of the register. We propose a method of maximising participation while maintaining integrity.

Lorely Burt: I am grateful to the Minister for his comments. However, the proposed modification seems reasonable. If the chief electoral officer is unable to verify someone's identity within 11 days, that is fair enough, but will the Minister consider a move to a 14-day registration deadline? We are minded to withdraw the amendment, although it is beyond us why the Government cannot accept such a common-sense modification.

The Chairman: Order. At this stage the hon. Lady must be more than minded. Does she wish the Committee to agree to the withdrawal of the amendment?

Lorely Burt: Yes, Sir Alan. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 6 ordered to stand part of the Bill.

Clause 7 ordered to stand part of the Bill.

The Chairman: We now come to clauses 10, 11 and 12. In view of the notice given and the close relationship among these three clauses, I propose, if it is for the convenience of the Committee, to allow debate on clause 10 stand part to go wider over part 3, on the understanding that that will avoid repetitious debates on the other two clauses.

Question proposed, That clause 10 stand part of the Bill.

Mr. Hanson: I am grateful, Sir Alan, for that indication. If I may, I shall speak to clauses 10, 11 and 12 as part of the general debate. Unusually for a Minister, I shall in due course move that the clauses do not stand part of the Bill.

The Chairman: Order. If I may help the Minister, the correct procedure would be to vote against the clauses standing part of the Bill, rather than moving a separate motion.

Mr. Hanson: As I say, Sir Alan, I find myself in an unusual position. It is not one in which I have found myself on the number of Bills that I have taken through the House as a Minister in different Departments. It is a strange place to find myself, but I hope that I can offer the Committee an explanation of the reasons for that.

[Mr. Hanson]

The Committee will be aware that my right hon. Friend the Secretary of State for Northern Ireland has tabled amendments to delete clauses 10 to 12, and consequential amendments to clause 31 and schedule 5 have also been tabled by the Government and will be considered later in the proceedings. It might be helpful, as I have said, if I set out the reasons why clauses 10 to 12 were included in the Bill on its introduction. They were included because my right hon. Friend the Secretary of State considered it possible that an early election might help to facilitate a return to devolution in Northern Ireland. Obviously, the Government are very concerned to ensure that the Assembly returns to its rightful place as soon as possible, and we have considered different methods on a number of occasions to ensure that the Assembly is up and running in due course.

On Second Reading, my right hon. Friend said that there was no specific intention to use the powers in the Bill, but simply a desire to have the power to introduce an early election provision if it became apparent that that was necessary. However, the Committee will be aware that, during the recess, post the debate on Second Reading, my right hon. Friend the Prime Minister and the Taoiseach of the Irish Republic met in Armagh on 6 April—my right hon. Friend the Secretary of State and I were also present on that occasion—to announce a possible new way forward to help facilitate the return of devolution. That matter has been well advertised. Indeed, my right hon. Friend the Secretary of State made a statement yesterday, to outline formally to the House the issues and ideas proposed on 6 April in respect of the potential for the return of devolution to Northern Ireland.

Right hon. and hon. Members will understand that we have not yet published the new Bill that will give effect to the proposals outlined by the Taoiseach and my right hon. Friends the Prime Minister and the Secretary of State and that the details will not be made available until the Bill is formally introduced shortly. However, in the light of the arrangements proposed by my right hon. Friends the Prime Minister and the Secretary of State about the recall of the Assembly on 15 May and the potential end date for that recall towards the end of November—from memory, I think that it is 24 November—the procedural arrangements for calling an early election will not now be necessary. Therefore, I am happy that clauses 10 to 12 are no longer required. We want to delete them in due course, because we do not believe that they are necessary, given the new political framework proposed by my right hon. Friends. I also very much hope that the Assembly will return and that a new election, as originally envisaged when the Bill was introduced, will not now be needed, because there is a clearly identified framework.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): I will give the Minister time to read his notes. Will he explain to the Committee in precisely what circumstances the Government envisaged that the date of the elections would need to be brought forward?

Mr. Hanson: I am grateful to the hon. Gentleman for raising that issue. He will know that there is a range of reasons why, following discussions with the parties, an early election may have been desirable on previous occasions. Again, I can speculate until the end of the sitting at 7 o'clock this evening about what those reasons might be. The point is that we included in the Bill the ability to hold an early election if one were needed because of the circumstances of political discussions on the attempt to restore the Assembly, which the hon. Member for Foyle (Mark Durkan) wishes to happen as a matter of urgency. If an early election was needed as part of those discussions, we could have called one if the Bill was passed as drafted.

Following my right hon. Friend the Prime Minister's announcement on 6 April, it is clear that the provisions for an early election will not be required, because we have recalled the Assembly for 15 May and set it a deadline of establishing an Executive, if possible, by 24 November, or thereabouts. I forget the exact date, but from memory I think that it is 24 November. We have said that if the Assembly is not restored by that date, there will be no election for the Assembly. So an early election is not necessary. The circumstances for an early election could have been myriad, and I will not speculate on what could have happened in discussions with the DUP, the UUP, the SDLP, or Sinn Fein, which is not present today.

Lady Hermon: Can the Minister assure the House that the Government were not brought under any pressure whatsoever by either Sinn Fein or the Irish Government to abandon plans for an early election?

Mr. Hanson: I am sorry, but I could not quite hear the hon. Lady's point.

Lady Hermon: I am quite happy to repeat what I said. I want a clear assurance from the Minister that the Government were not brought under any pressure whatsoever by either Sinn Fein or, for that matter, the Irish Government to abandon plans for an early election.

Mr. Hanson: The situation has changed dramatically. The Prime Minister, the Secretary of State and the Irish Government, with the response of the Taoiseach on 6 April, have put a different political complexion on the way in which the Assembly could be restored. The Government's prime objective is to restore the Assembly; that is what we want to achieve. We want to get the Assembly back up and running so that individuals, some of whom are in the Chamber today, can undertake their rightful role of deciding policy on issues to do with housing, culture, sport, planning, agriculture and other matters. That is the Government's objective.

We did have an objective of having discussions with political parties, with the potential through the Bill of calling an early election if that was the way to unlock the difficulties that may have been faced. We are now in a different position and, because we do not want an early election, this set of clauses needs to be deleted from the Bill.

Lady Hermon: I am most grateful to the Minister for giving me a reply to a question that I did not ask. May I just repeat the question for the third time? Were the

Government brought under pressure by Sinn Fein or the Irish Government to abandon plans for an early Assembly election—yes or no?

Mr. Hanson: I am certainly not aware of any pressure on those matters and the situation has changed politically.

Sir Patrick Cormack: He wouldn't be, would he?

Mr. Hanson: I say to the hon. Gentleman that the Government's objective is to ensure that we get devolution back. When the Bill was published, the Government's proposals were to meet the parties, to have discussions with them and to have an outlook of reaching agreement with them to ensure that devolution came back. As part of the armoury of that machinery, an early election may well have been one of the issues that would have led to the unlocking of any impasse that might have been there. Now we have set a clear route in terms of 15 May, discussions, the potential election of an Executive, a deadline for that process and, at the end of that, no elections if an Executive is not formed. We are now in a different position, so I am in the unusual position of not voting for the clauses that we originally envisaged because circumstances have changed.

5 pm

Mr. Dodds: Could not people, including Members of the House, easily take the view that the Government are making it up as they go along? They published the Bill on 16 February and now the Minister is telling the House that, by 6 April, everything had changed so dramatically that these provisions are unnecessary and redundant? Is it not the case that, within a very short time, the Government changed gear and completely changed their policy? People in Northern Ireland take the view that the Government are simply making it up as they go along.

Mr. Hanson: I respect the hon. Gentleman's viewpoint, but the Government are not making it up as they go along. They have the clear objective of restoring the Assembly so that he, if he is chosen by his party again, can do the job that I am currently doing on behalf of the people of Northern Ireland in running the Department for Social Development. My objective is to get rid of the power that I am exercising and to give it back to him. That is the clarity of the Government's position.

We have looked at several methods of trying to get that position back, one of which was discussion with the political parties to try to ensure that we reached a conclusion on the restoration of the Assembly. Given that that does not appear to be working—the discussions that we had initially showed that there were real obstacles to the political parties getting together to restore the Assembly through political dialogue—we have taken affirmative action through my right hon. Friend the Prime Minister, with the support of the Irish Government and my right hon. Friend the Secretary of State, to put definitive stakes in the ground on where we are with the restoration of devolution. I refer to 15 May, the end of November and a clear process of potential engagement to form an Executive in that window. That has changed the situation with regard to the Bill.

Yes, there may well have been a U-turn and a change of policy, but the overriding objective of whatever track we took was to secure the hon. Gentleman in his place in the Assembly and to give him responsibility for issues for which direct rule Ministers are currently responsible. I would hope that he shares that objective.

Mark Durkan: We would love to take great comfort in the journey that these three clauses have made from being necessary as a contingency to being utterly redundant in a matter of weeks. If they had made that journey by going past the certainty of a restoration date and a known future election date for the Assembly, we could have taken such comfort, but, in the absence of such certainty, we cannot. As the hon. Member for Belfast, North (Mr. Dodds) has said, it seems that the Government are busking on this issue and hoping that whatever happens catches the eye of somebody who passes by.

Mr. Hanson: Again, I am trying to offer some form of clarity to the House on behalf of the Government. We want to see the Assembly restored. We are happy to look at any method that will get the Assembly restored, because the rightful people to run the affairs of Northern Ireland are the people who were elected to that Assembly to do so; not me, who represents a seat in north Wales and who flies in and does a job on behalf of the people of Northern Ireland at that time, but ultimately flies out again. The people who are elected and have roots in that community should do that job. As I hope the hon. Member for Foyle recognises, we are looking at the best way to unlock the real gridlock problems that exist between political parties in restoring the Assembly.

I am happy to look at any suggestions that will unlock that gridlock. There was a possibility of political talks, but they have proved difficult, for reasons that I fully understand with regard to confidence on the part of several parties in the current situation. In the absence of those talks, we have put a framework in place whereby we hope those issues can be resolved during the time scale of May to November. In the light of that time scale being put in place, the clauses are redundant. That is the simple fact of the matter.

If people want to call that a U-turn or a change of Bill, that is fine. I am very unused to withdrawing clauses in a Bill that I supported only six or seven weeks ago in this Chamber on Second Reading, but that is the nature of Northern Ireland politics. Our overriding objective is the same: to restore the Assembly. That is why I commend the withdrawal of these clauses. The Government are looking at a different way of achieving the same objective to make sure that colleagues are back in government as soon as possible.

Mr. Lidington: I am tempted to express the hope that the Minister's speech is the first of many occasions on which, on many different subjects across the span of Government, Ministers will come to the Dispatch Box to withdraw legislation that they have, until very recently, proposed. However, I have some sympathy for the plight in which the Minister finds himself.

Several things are clear about the clauses. The power to bring forward the election of the Northern Ireland Assembly would have to be initiated by the Secretary of

[Mr. Lidington]

State and that would have to be taken forward by means of an order in both Houses of Parliament. If the Government have concluded that the Secretary of State is not, under any circumstances, going to want to exercise that power in the time frame that they had previously envisaged, such a power clearly becomes otiose and so there is no point in keeping it in the Bill.

The political explanation seems to be that, when the Government started off their current political initiative in Northern Ireland at the beginning of this calendar year, they were over-optimistic in their hopes about what could be achieved within a short space of time. They hoped that, perhaps by now, they would have had agreement between the various Northern Ireland parties on the restoration of the devolved institutions. After all, there was open speculation in the media both in Northern Ireland and in the Republic—and I think that it is fair to say that there were suggestions by Ministers themselves—that either in Committee or on Report, we might be presented with proposals to change the Northern Ireland Act 1998 to accommodate changes that might by then have been agreed between the two Governments and the various political parties in Northern Ireland.

Such a deal has clearly not taken place. We could debate today, albeit somewhat fruitlessly, the precise circumstances in which the power in clause 10 could have been used. We can reflect on the reasons why no agreement has been possible up until now. Some of the problems were of the Government's own making due to the proposals on terrorists on the run. The Independent Monitoring Commission report that was published earlier this year, which clearly showed that although republicanism was changing, it had not broken with criminality, made things more difficult for the Government. Ministers, and perhaps the Prime Minister especially, finally realised that the underlying mistrust was still deep and could not be overcome in a few weeks, which had perhaps been hoped for at the turn of the year.

I remain of the view that the Government's initiative looking forward to November deserves support. I wish it well, and although I still think that the Government incline towards over-optimism, I hope that the optimism proves to be justified and that we will see the restoration of devolution later this year. In the meantime, my party and I will support the Minister in his recommendation that the clauses be dropped from the Bill.

Lorely Burt: We are glad to support the Government's proposal because we were worried about setting the election date by way of statutory instrument. That is a constitutional and democratic matter that should not be decided through secondary legislation. Members of the House and the other place should have the opportunity to debate fully the merits of such a move and table such amendments that Parliament considers necessary. We cannot allow the routine operation of democracy to be reduced to a short debate on the Committee corridor, which would deny the vast majority of hon. Members the opportunity to discuss such an important matter.

Lady Hermon: I will keep my remarks brief—*[Interruption.]* With provocation from the hon. Member for East Londonderry (Mr. Campbell), I might not keep my remarks so brief.

I was disappointed that the Minister did not respond to an intervention in which I asked him about the response from not only the chief electoral officer, but the Northern Ireland Human Rights Commission, about the canvass proposed in clause 3. I am extremely worried that the Government and, in particular, the Northern Ireland Office, think that the election date for the 108-Member Assembly is somehow a movable feast. In the past, the Northern Ireland Office has changed the date of the election not just once but twice, and now, in a matter of weeks, it has changed its decision on a measure that was considered to be critical when the Bill received its Second Reading.

On 13 March, on Second Reading, the Secretary of State accepted that there would be complaints about changing the date of the election. He said to the House:

"I need to be ready to move quickly if the circumstances are such that an early election is needed to cement success on the political front. That is necessary so that we do not face any obstacle."—[*Official Report*, 13 March 2006; Vol. 443, c. 1172.]

Is the Minister ensuring that clauses 10 to 12 are taken out of the Bill because the Government are preparing for failure, rather than success? *[Interruption.]* The Minister seems to be rather agitated. Just a few weeks ago, the Secretary of State justified bringing forward the Assembly election from the scheduled date in 2007 by saying that that would cement the success of the process.

5.15 pm

Mr. Hanson: I give the hon. Lady a full assurance that the purpose of the provision is not to anticipate failure in the political peace process outlined by my right hon. Friend the Prime Minister. I have given a clear indication that the Government wish to restore the Assembly at the earliest opportunity. Our chosen method was given in the Prime Minister's statement on 6 April, which was echoed by the statement by my right hon. Friend the Secretary of State to the House.

Lady Hermon: I am grateful to the Minister for his helpful intervention.

If we had the wisdom of knowing the contents of the emergency Bill that will be published tomorrow, that could change the complexion of the Bill and our debate. The Government constantly remind the people of Northern Ireland of the emphasis that they place on human rights. They introduced the European convention on human rights and made it part and parcel of domestic law—something of which I am enormously proud. The Minister will be well aware that protocol 1 states that the "High Contracting Parties", which include the United Kingdom,

"undertake to hold free elections at reasonable intervals by secret ballot, under conditions which will ensure the free expression of the opinion of the people in the choice of the legislature."

The Northern Ireland Assembly is a legislature, and it has full legislative powers when it sits and suspension is lifted. When I voted for the agreement, I voted for an Assembly with legislative, Executive and administrative powers. The British Government, who went to the difficulty of making the convention part of our domestic

law, are beholden to uphold and respect its provisions. I urge the Minister to give the House an assurance that the Government and the Northern Ireland Office do not regard the date of the Assembly election as a moveable feast. On Second Reading, they said that it would be brought forward, but within a few weeks they withdrew that proposal.

Mr. Dodds: I have a great deal of sympathy for the hon. Lady's view about not making the date of a democratic election a moveable feast. Will she reflect on the position that her party and its then leader, David Trimble, adopted regarding the Assembly election scheduled for May 2003? Her party was instrumental in ensuring that that election was delayed, primarily because its then leader feared the consequences if his policies were put to the people of Northern Ireland. Does she regret the fact that her party played a role in that manoeuvre?

Lady Hermon: I am enormously grateful to the hon. Gentleman for reminding me of that election result. The Prime Minister, in his Harbour Commission speech of October 2002, made it clear that the Assembly election would not take place until after acts of completion. There were no acts of completion by the scheduled date, so the Assembly election did not go ahead. The then MP for Upper Bann did not have the power to take back the words that the Prime Minister had spoken in October 2002. I therefore thank the hon. Gentleman for his reminder.

Rev. Ian Paisley (North Antrim) (DUP): Does the hon. Lady think, looking back on what happened in Northern Ireland, that a fear of election results dominated the situation? Let us not argue about whether or not we should have held elections. The argument was that they did not want the Unionist people to be heard. When they were heard, they did not like it so they decided to do away with the Assembly. We had nothing to do with the pulling down of the Assembly, as the hon. Lady well knows. The IRA conspiracy pulled down the Assembly.

The Chairman: Order. It might be helpful to the hon. Member for North Down (Lady Hermon) if I point out that the clause that we are discussing, whether or not it is retained, relates to the election date for the next Assembly. We have gone sufficiently far down memory lane.

Lady Hermon: You will definitely be on my Christmas card list, Sir Alan, for bailing me out so effectively.

This Government have paraded their commitment to upholding human rights on the international stage and made the ECHR part of our domestic law. The ECHR contains a specific provision that there should be elections to a legislature at reasonable intervals, but it does not state that that should be at the whim of the State of Secretary. I hope that the Minister has listened to the point that the election schedule for 2007 for the Assembly should not be moved either earlier or later in any circumstances whatsoever.

Sammy Wilson: Now I understand why the Minister dug in his heels on the earlier clauses in this Bill. Once again, we are witnessing him engaging in a retreat—when it comes to legislation, he has engaged in more retreats than some Trappist monks. The last time that he retreated, he ran away from a whole Bill, whereas this time it is only a few clauses.

Mr. Hanson: When I listen, I get criticised; when I do not listen, I get criticised. Is that the duty of a Northern Ireland Minister these days?

Sammy Wilson: The retreat is an admission by the Government that their strategy on elections to the Northern Ireland Assembly and the restoration of the Northern Ireland Assembly is in tatters. The Government were hoping that there would be a change of heart among the people of Northern Ireland, that the people would be prepared to see the Assembly up and running again and that the people would be prepared to trust Sinn Fein. They were therefore hoping to use those powers to call an early election to try to change the political composition of the Assembly at an early stage.

I think that the fact that the Government are now retreating from these clauses indicates that they accept that had they attempted to call an early election, the result would have reinforced previous election results and my party would have again been the clear winners in the Unionist community. Nothing has been done to engender the trust that Sinn Fein should be admitted to government. I take heart from the Minister's retreat because, although we are not afraid of an election, it means that the Minister, the Secretary of State and the Government recognise that early elections to change the political landscape is a ploy that will not work.

The Government have accepted our point that if trust does not exist, there is no point in calling another election. An interim arrangement for the Assembly is needed to start to build up that trust, which is what the Secretary of State and the Minister have agreed to do. I hope that SDLP Members will grab that opportunity and enter that interim arrangement and, knowing that we cannot have full blown devolution, seek the lowest common denominator that will allow local representatives in Northern Ireland to get back into doing some things locally.

Although we would have had no difficulty with the clauses remaining, or indeed with the Government calling an election to the Assembly, the hard reality that the Government now face encourages us to believe that they have at least recognised that there has been no change in opinion in Northern Ireland as regards accepting Sinn Fein in Government. We are happy that they have decided not to pursue the clauses and have recognised that their strategy was folly.

Mark Durkan: We can all have much amusement at the Minister's expense as he stands before us to withdraw these three clauses, which were a necessary working requirement a short while ago and now do not fit with the different path that the Government are on. We can all poke fun and say that it shows a lack of strategy on the part of the Government. However, the reality for those of us who are here as Northern Ireland politicians and elected representatives is that there is genuine uncertainty and doubt about our capacity, competence and resolve to take and share responsibility together within the institutions to which we are elected.

[Mark Durkan]

The Minister, in presenting the clauses a few weeks ago and now withdrawing them, is left as a victim of that uncertainty.

As Northern Ireland Members, we need to remember that the biggest questions are not about who wanted early elections a few weeks ago and who may not want them now, but about whether we want to take the powers and responsibilities that we can take within a Northern Ireland Assembly and Executive and within the north-south and east-west arrangements.

The hon. Member for East Antrim (Sammy Wilson) suggested that the SDLP had to show whether we would go into these interim arrangements, which are short of full-blown devolution. We do not want to go into anything half-baked, nor will we go into anything on a half-hearted basis. We do not believe that the Government have gone far enough in what they have proposed, but we will take things as far as we can. We will go in with a positive mind and try to make fast progress towards the agreement; we will not go into any diversions or cul-de-sacs that anybody else might want. We need to remember that it is for the parties from Northern Ireland to address and resolve the biggest questions around election dates for the Assembly and the restoration of the Assembly, and for the Government to be supportive as we try to do so.

Clause 10 disagreed to.

Clauses 11 and 12 disagreed to.

To report progress and ask leave to sit again. *—[Mr. Watts.]*

Committee report progress; to sit again tomorrow.

Mental Health Services (Hertfordshire)

Motion made, and Question proposed, That this House do now adjourn.*—[Mr. Watts.]*

5.29 pm

Mr. Charles Walker (Broxbourne) (Con): I am grateful for being granted this opportunity to voice my concerns about the future of mental health services in Hertfordshire. As hon. Members on both sides of the House recognise, mental illness deserves our attention. For too long it has been overlooked and it has suffered in comparison with the more emotive and better understood diseases. However, mental health problems will afflict one in five of our constituents during their lifetime. For many, it will be a passing illness that can be treated and, thankfully, left behind. For others, however, it will be a life sentence both for themselves and their families.

In Hertfordshire, we are lucky to have an excellent mental health trust that does incredible work in supporting people with mental health problems. The Hertfordshire Partnership NHS Trust makes a real difference to the quality of people's lives. However, recent demands for budget cuts are casting a long shadow over the trust and its ability to deliver critical services to the community that it serves.

At the start of this year, the Hertfordshire Partnership NHS Trust was informed that it had to make a year-on-year saving of more than £5 million—a figure that equates to just over 5 per cent. of its annual budget. To put it another way, based on the figures that the Minister gave the House yesterday, it represents 30 per cent. of the total savings being demanded from mental health trusts across the country. The trust was told that the saving was required as part of its contribution to meeting an overspend in the wider Bedfordshire and Hertfordshire health economy. That overspend is estimated to be close to £100 million.

The Hertfordshire Partnership NHS Trust has played no part in creating that deficit. It has lived within its means since its inception in 2001. It has managed its budget efficiently and delivered value for money. Not unreasonably, one might be forgiven for thinking that that is the sort of financial performance that should be rewarded and held up as an example of best practice across the NHS. Instead, the trust is being penalised by a severe budget cut of more than £5 million. What message does that send out to other trusts struggling to balance their books? Penalising them for the debts incurred by their more profligate neighbours will certainly not encourage them to behave in a fiscally prudent fashion.

The scale of the cuts being asked of the Hertfordshire Partnership NHS Trust will have a severe impact on services across the county. In Hertfordshire, we face the following measures: closure of a 22-bed in-patient mental health ward; a reduction in direct-action psychology services; a reduction in day services; closure of the early-intervention psychosis service; reductions in the staffing for community mental health teams; the closure of an acute day treatment unit; staff reductions in mental health in-patient therapies; a reduction in services for people with alcohol and mental health problems; the closure of a day care unit that supports older people with mental health problems and their

carers; a reduction in staff working in child and adolescent mental health services; and a reduction in support for people with learning difficulties. In total, those cuts could lead to more than 70 job losses and have an impact on more than 10,000 service users across the county. The services scheduled for cuts are not "nice-to-haves" on the periphery of the trust's offering; they are absolutely critical to many of their users.

In the words of the Hertfordshire Partnership NHS Trust:

"Considerable anxiety is already being expressed across the organisation regarding the impact of the proposed savings targets, particularly from the clinical staff, and the consultant psychiatrists especially. The focus of this anxiety is that there will be an inevitable increase in clinical risk and potential harm, and an overall deterioration in service provision that would reverse the considerable progress made in Mental Health over the years since the closure of large institutions".

Those concerns have been more forcefully raised by David Grayson, chair of the Hertfordshire Partnership Patient and Public Involvement Forum, who has gone on record as saying:

"The implementation of the proposed cuts will increase the suffering of service users and their carers, who will face increased risk of suicide and self-harm, longer recovery time, higher relapse rates and a greater reliance on carers who, due to their role, are already more susceptible to mental health problems."

Viewpoint, a charity dedicated to improving mental health services in Hertfordshire, states:

"The proposed cuts are financially inept. By reducing the provision of community services, psychological services and early interventions, more people will become acutely unwell. This is highly expensive and will actually increase the financial burden on the NHS."

Carers in Hertfordshire has written to say that

"the reduction in services will have an impact on care across the entire community. For unpaid family carers, the outcome will be devastating. With such drastic proposals, many carers could lose essential support and this could lead to a situation where carers reach breaking point."

These are real concerns that are being expressed by organisations dedicated to the welfare of their community. There is already a deep understanding that the proposed cuts will have a significant impact on patients and their families. Furthermore, the consultation paper surrounding the proposals almost entirely fails to recognise the additional burden that the cuts will place on carers. It ignores the possibility that many carers will have to give up work in order to support patients losing day care services.

The cuts proposed for Hertfordshire's mental health services run contrary to the vision recently outlined in the Government consultation document entitled "Investing in Your Mental Health". That blueprint for the future delivery of mental health services makes many useful suggestions. In particular, it highlights the need for more local care and support to be provided through community-based services. Importantly, the White Paper makes it clear that any reduction in acute beds is possible only as a by-product of effective community services rather than as a precursor to their development.

In reality, what we have in Hertfordshire is the worst of both worlds. We are faced with the equivalent loss of 37 beds in St. Albans and Stevenage, with a corresponding cut in the very community-based services that were supposed to replace them. A briefing note circulated by the joint commissioning trusts to Hertfordshire primary care trusts said that

"it is likely that there will be some dismantling of those baseline services which were needed to be in place to achieve the objectives of Investing In Your Mental Health."

That point is picked up by Jonathan Freedman, chair of the Beds and Herts local medical committee, who states that

"the swathes of cuts through the predominantly community-based, mid-tier, support services for patients with mental health problems are completely contradictory to the proposals in the Government's White Paper."

He goes on to say:

"the LMC strongly rejects the degree of cuts listed because they will impact so severely on a particularly vulnerable group of patients who are often in no position to object. The impact on families, carers and children of patients suffering with mental health problems will be immeasurable".

What we face in Hertfordshire is the closure and scaling back of vital services. Inevitably, in cases in which services are retained in a reduced state, the threshold for acceptance will need to increase. As a result, many people will be denied access to hospital beds, and hundreds more service users will no longer be able to receive secondary care from community mental health and drug and alcohol teams. Inevitably, those people will fall back on already stretched GP surgeries.

In my constituency there is no spare capacity for the provision of counselling and support services. Completely separate from the cuts proposed for the Herts partnership trust, our PCT, South East Hertfordshire, is seeking to scale back counselling services provided in GP practices in the south of the borough.

When we look at what is being asked of the Herts partnership trust, it appears that the suggested cuts have been taken in isolation and not as a whole. There is little evidence that the knock-on effects attached to cutting middle-tier community-based support services have been adequately considered. It seems that at every turn these cuts are being driven by accountants not clinicians. In the words of Young Minds, a national charity that focuses on the mental health of children and also has operations in my constituency,

"the cuts proposed will materially affect the mental health and wellbeing of the most vulnerable children and young adults in the short, medium and long-term and will have a detrimental affect on their families and communities."

I fail to understand how the cuts can be justified. How is it possible for someone who is in need of hospital admittance one day to be no longer eligible the next? How can it be less important to help young people tackle psychosis this year than next year? Why has the importance of helping people manage and beat their alcohol addictions suddenly diminished at a time when alcoholism is a growing menace and we have 24-hour drinking in many of our communities?

I urge the Minister to look into the issue that I have raised. I accept that the NHS is not a bottomless financial pit and that tough decisions need to be taken. However, it is simply not right that a well-run and responsible mental health trust is being penalised for the financial difficulties of others. The iniquity of the situation demands attention. I know that the Minister has an extremely difficult job to do—a job that requires

[Mr. Charles Walker]

her to balance many competing demands. As this Government rightly recognise, however, mental health deserves special attention. Although things have got better, we still live in an age where mental illness is misunderstood and too often feared. The cuts that I have highlighted will further isolate those afflicted by terrible illnesses that can act as life sentences with no remission.

The cuts being put forward in Hertfordshire will penalise young and old alike. Children and adolescents will be denied access to services that can change their life prospects. Those trying to come to terms with catastrophic events in their lives will have nowhere to turn. Many carers will be left without support and hope. People in need of hospital treatment might find the door shut.

Hertfordshire Partnership NHS Trust has delivered above and beyond the call of duty. Its success deserves to be recognised and rewarded.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I apologise to my hon. Friend for not being in the Chamber when he began his remarks, which was a little earlier than I had anticipated. Does he agree that cutting early intervention services, which are vital in tackling severe mental illness, would be a grave mistake and completely against the whole approach that the Government have been setting out in recent years? It is a denial of the modern approach that we want in mental health.

Mr. Walker: I agree totally with my hon. Friend, who is well known in his constituency for championing the plight of those with mental health problems. The cuts proposed in the consultation document are at odds with "Investing in Your Mental Health", and I am sure that the Minister will address that in her comments.

To conclude, I hope that the Minister will feel able to intervene at this late stage to help to ensure that common sense and compassion prevail in this case.

5.41 pm

The Minister of State, Department of Health (Ms Rosie Winterton): I congratulate the hon. Member for Broxbourne (Mr. Walker) on securing this debate on the funding and provision of mental health services in Hertfordshire. At the beginning of his speech, he set out clearly the importance of having good mental health services and the wide effect on society, given the number of people who are likely to suffer from mental health problems. I thank him for acknowledging that the Government have recognised that mental health needs special attention. That is why we have made it one of the Department's top three priorities.

I also join the hon. Gentleman in paying tribute to all NHS staff in Hertfordshire, and especially those who have worked in mental health services. We have seen a real step change in the delivery of mental health services in recent years, which has required a real commitment from the NHS staff who deliver those services, many of whom I have met during my time as the Minister with responsibility for mental health services. This is an area in which we need staff to take an open view about some of the changes that have occurred. I have been incredibly impressed by the way in which those changes have taken place and the commitment and hard work of all those who work in our mental health services.

I hope that the hon. Gentleman will also acknowledge that there has been a massive increase in investment in the NHS overall in the past few years, including in his area. For example, his South East Hertfordshire primary care trust has received more than £155 million in the past financial year, which will rise to more than £209 million in 2007–08. Collectively, the eight primary care trusts in Hertfordshire received allocations in excess of £858 million in 2005–06, which will rise to £1.1 billion in 2007–08—an increase of about 28 per cent. The Hertfordshire Partnership NHS Trust's total increased investment in its mental health services is £4.2 million over and above inflation for the three-year period from 2003 to 2006.

Mr. Walker: I appreciate that the increase is £4.2 million over and above inflation, but Hertfordshire is being asked to save £5.2 million. What has been given with one hand over the past three years is now being taken away, with interest, by the other. That is where a great deal of the concern lies.

Ms Winterton: I will come to some of the specific points that the hon. Gentleman has raised. First, let me put what he has said in the context of some of the changes that have taken place.

There are now some six assertive outreach teams with about 50 staff, compared to 29 staff in 2001. Six crisis assessment and treatment teams operate across Hertfordshire, compared to none in 2001. Those teams saw nearly 2,000 people last year, some 300 of them from the hon. Gentleman's constituency, and 1,200 were new clients. In the past, the vast majority of those patients would have been admitted to an acute mental health unit, but now they can be seen in the community. That kind of approach has reduced the need for in-patient beds.

Members often tell the House that an in-patient ward or unit is closing. Sometimes our response should be "Congratulations", because the closure probably means that people are being served better in the community. I think that that is an important aspect of the changes that have taken place in the delivery of mental health services. I accept, however, that today we are also discussing changes in the way in which early outreach teams may be offered in the future.

Mr. Heald *rose—*

Ms Winterton: I give way to the hon. Gentleman.

Mr. Heald: I thank the Minister, and apologise again for being late.

It is the question of whether people are treated in the community or in in-patient facilities that is most upsetting to campaigners against the cuts. I received a letter today from all the numerous organisations in Hertfordshire that oppose the cuts. The second point in the letter is as follows:

"The proposed cuts are . . . inept. By reducing the provision of community services, psychological services and early intervention, more people will become acutely unwell."

How can the Minister justify that, given that it involves one of the three priority areas?

Why did the Prime Minister not mention mental health during Prime Minister's Question Time? He mentioned cardiac care. Is this not the problem—that mental health is always the subject that is left out?

Ms Winterton: I believe that our action in putting mental health up there as one of the three priorities is the reason for many of the changes that have taken place. I accept some of what the hon. Gentleman has said—for instance, what he said about the early intervention team—and I shall say more about it later, but I would vigorously defend the record in terms of changes in mental health services, and the increased investment in those services over the past two years.

When I met the chief executive of the trust yesterday, we discussed some of the changes. There have been significant reductions in spending on agency staff, and the trust should be congratulated on that. I believe that in 2003 some £3.1 million was spent per year on agency staff; that was reduced to £524,000 last year, owing to a successful policy of recruitment to vacancies. Over the same period, spending on agency nursing staff was reduced from £2.2 million to £1.1 million. The trust now employs 506 psychiatric nurses—62 per cent. more than in 2001—and 75 consultant psychiatrists, 78 per cent. more than in 2001.

It is also proposed that some £350,000 be invested in a primary care counselling service model—the hon. Gentleman referred to the need for more counselling services. That will offer a range of therapeutic interventions for those with mild to moderate mental health problems. If this model, which is currently out for public consultation, is supported, it is anticipated that it will reduce demands on community mental health teams and referrals to psychiatrists. In addition, the trust has improved work force efficiency by cutting staff turnover.

As I said, there have been some very impressive improvements in the delivery of local services, along with increased investment. But it is true that the health economy in Hertfordshire as a whole faces financial challenges, and that some tough decisions have to be made to address the situation. As the hon. Gentleman said, it is important that organisations get a grip on of the problems that have built up. The task of commissioning mental health services in Hertfordshire falls to the joint commissioning partnership board, which includes representatives from Hertfordshire PCTs and Hertfordshire county council. Each organisation contributes to a pooled budget.

Hertfordshire PCTs have asked all providers in the area to make expenditure savings, and as the hon. Gentleman said, Hertfordshire Partnership NHS Trust has been asked to make a 5 per cent. saving, which is the same as that being asked of all local providers. Decisions on where to ask the trust to make these savings were not taken lightly. At a special meeting of the joint commissioning partnership board on 16 February, it was faced with the very difficult task of considering where such savings could be made. It took a strategic overview of service provision, to ensure that the impact on patient services was kept to a minimum. Having considered the various options, it agreed a proposed list of savings totalling some £3.2millon, in addition to the £1.7 million-worth of internal efficiency savings already being made. Formal consultation on the proposed changes started on 20 March and will run until 3 May. It is important that Members encourage their constituents—as they doubtless will—to engage as fully as possible in the consultation, to ensure that their views are taken into consideration.

The hon. Gentleman set out some of the issues being considered during the consultation period that cause particular difficulties for those affected. However, it is important to recognise that strategic health authorities, trusts and PCTs need to work together to ensure that the whole health economy in a given area gets back on to a stable footing. I know from my conversations with them that NHS staff need to be reassured that the deficits that have built up over years will be sorted out. Uncertainty can affect both patients and staff, and decisions about how to proceed must be made jointly.

The local NHS trust is currently discussing the proposed service changes with staff, and I know that every effort will be made to avoid redundancies. If necessary, and where possible, staff will be redeployed to different teams. Although it is proposed that the St. Julian ward should close—as I understand it achieving savings of some £1.4 million, of which £400,000 will be reinvested in community services—I emphasise that the changes already introduced mean that more people are treated in the community, with the result that they receive attention earlier and do not have to go into patient care.

Mike Penning (Hemel Hempstead) (Con): The St. Julian ward is the only one in that part of Hertfordshire offering respite to carers whose loved ones are desperately ill. Will the Minister therefore ensure that the consultation process considers its proposed closure very carefully?

Ms Winterton: I assure the hon. Gentleman that the trust will be made aware of this debate, but I hope that he and the other Opposition Members present will agree that it is right for the local NHS to get back on an even keel. The proposed changes are subject to consultation: although difficult decisions will have to be taken, I assure the House that every effort is being made to ensure that there is only minimum disruption to services and to jobs.

As I have said, the work of the local NHS trust has been extremely impressive. These are difficult decisions, but I repeat that I have been assured that any disruption to services will be kept to a minimum, and that some of the savings will be reinvested in alternative provision.I understand how strongly some hon. Members feel about this matter, and hope that my remarks have helped to reassure them.

Question put and agreed to.

Adjourned accordingly at two minutes to Six o'clock.

House of Commons

Thursday 20 April 2006

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

MESSAGE FROM THE QUEEN

QUEEN'S 80TH BIRTHDAY

The VICE-CHAMBERLAIN OF THE HOUSEHOLD reported Her Majesty's Answer to a Loyal and Dutiful Address from this House, as follows:

It gives me great pleasure to receive the cordial congratulations of your House on the occasion of my eightieth birthday, together with your expression of appreciation, and your warm good wishes for my long continuing health and happiness.

I send my warmest thanks to you.

Oral Answers to Questions

ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Secretary of State was asked—

Council Support

1. **John Mann** (Bassetlaw) (Lab): How many councils have received support under (a) Vital Villages, (b) the quality parish scheme and (c) the market towns initiative since 2001. [63727]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jim Knight): Since 2001, Vital Villages has helped more than 5,000 communities gain access to more or higher standards of public services—an agenda further supported by more than 270 quality parish and town councils. More than 230 towns received funding through the market towns initiative to support community-led regeneration.

John Mann: The image of market towns is often that of the butcher, the baker, the candlestick maker and, in particular, many solicitors doing business. However, there is another kind of market town: small towns that have been built up and surrounded by the coal industry over the past 100 years. Those market towns have particular problems in regenerating themselves. Will the Minister look at market towns such as Warsop to see whether beacon status could be conferred on them to assist with their regeneration?

Mr. Speaker: I am sure that the hon. Gentleman could manage an Adjournment debate—he has so much to tell us.

Jim Knight: As I ever, I listen to my hon. Friend the Member for Bassetlaw (John Mann) with care. I take note of his comments and will consider them in due course.

Tony Baldry (Banbury) (Con): Will the Minister explain to the House why his Department, rather than the Office of the Deputy Prime Minister, is taking these initiatives forward? Will he also explain to the House how the initiatives are promulgated? How do parish councils, town councils and others know that the money is available to them? Rather than having all those various initiatives, which people have to know about, would it not be better if the Government simply increased the grant to local authorities in relation to council tax, rather than reducing the grant and obliging council tax to go up continually?

Jim Knight: It is clearly appropriate that the Minister with responsibility for rural affairs should have some input into what is going on in rural communities. That is why the Department for Environment, Food and Rural Affairs is involved, as well as the ODPM. The hon. Gentleman will be pleased to hear that we have simplified the arrangements for Vital Villages and the market towns initiative, for example, by contributing all that money to the regional development agencies—as a Department, we are now the third largest contributor to the regional development agencies—so that they can make more localised decisions in the interests of rural communities.

Andrew Miller (Ellesmere Port and Neston) (Lab): I welcome the market towns initiative, which has gone down extremely well in Neston in my constituency. It can provide a vehicle to improve the centre of a town radically. What efforts is my hon. Friend making to liaise with other key Departments to ensure that there is a holistic approach, particularly with transport and other such key factors?

Jim Knight: I am grateful to my hon. Friend, and interested to hear about Neston. Swanage, in my constituency, is benefiting from market and coastal towns initiative funding. I regularly meet colleagues from other Departments, and in the next few weeks I am due to meet the Minister of State at the Department for Transport. I will have my hon. Friend's comments in mind.

Mr. James Gray (North Wiltshire) (Con): Does the Minister agree that one of the best bits of the Vital Villages funding was the regard given to local transport issues, and transport issues more widely? Does he further agree that one of the biggest problems in our villages today is the increasing clutter caused by traffic calming measures, street furniture of one sort or another, signs and signage? It is almost impossible to see where the village is because of the ghastly mess on the roads. How will the Minister seek to reduce that clutter now that he has cancelled the Vital Villages funding?

Jim Knight: We have not cancelled the Vital Villages funding. We have passed it on to the regional development agencies to spend as they see fit within their region—in the spirit of delegation that I know that the

hon. Gentleman's party is now welcoming. As for the signs and the clutter, as he calls it, many villages are clamouring for traffic calming, and I am sure that there may be some such villages in North Wiltshire. However, the Department for Transport is concerned about the proliferation of signage and there is some work going on with highways authorities to consider how that can be simplified for the motorist, to make sure that there is not a confusion of signage causing a hazard on the roads.

Right to Roam

2. **Ms Angela C. Smith** (Sheffield, Hillsborough) (Lab): If she will make a statement on progress in implementing the right to roam provisions in the Countryside and Rights of Way Act 2000. [63728]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jim Knight): The target for implementing the Countryside and Rights of Way Act right of access in England by the end of 2005 has been met, enabling people to enjoy some of the finest landscape that the country has to offer.

Ms Smith: I thank my hon. Friend for that reply. We are all aware that ramblers everywhere welcome the right to roam provisions warmly, but the Minister will also be aware that many ramblers would like an extension of the right to roam to cover Britain's wonderful coastline. Are there any plans to extend the access provisions of the CROW Act? *[Interruption.]*

Jim Knight: I can hear someone saying that there is a wonderful coastline in my constituency, and I cannot argue with that. Improving coastal access was a manifesto commitment. We are committed to full public consultation in October, when we will set out our views on how we can best deliver action to improve access to the English coast.

Bovine TB

3. **Mr. David Jones** (Clwyd, West) (Con): How many incidents of bovine tuberculosis were reported to her Department in the last 12 months. [63729]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): Some 3,653 new herd incidents were recorded in Great Britain in 2005. That was a 9.1 per cent. increase on 2004.

Mr. Jones: As the current bovine TB skin test is a rather blunt diagnostic tool with only a 60 to 70 per cent. degree of accuracy, when does the Minister anticipate that the working group that he established in September 2005 will be able to report on the increased use of the gamma interferon test?

Mr. Bradshaw: The figures that the hon. Gentleman gives the House are not quite correct. The skin test's sensitivity, which is its identification of infected animals, is between 77 and 95 per cent. Its specificity, which is its identification of uninfected animals, is 99 per cent. The test is much better than he suggests, and it is recognised internationally, as it is in the EU. As the hon. Gentleman rightly says, we have set up a working group to look into rolling out the gamma interferon test, but that test could only ever be used as a supplementary test, although I agree that it has the potential to be helpful.

Mr. David Drew (Stroud) (Lab/Co-op): With the number of cases of bovine TB continuing to rise, which is deeply worrying, will my hon. Friend assure me that no decision has been taken on how the Government intend to respond to their consultation, given that there is a clear need to examine alternatives, including vaccination and the idea of mineral deficiency? We must rely on science, not several of the ideas that are floating around.

Mr. Bradshaw: I can give my hon. Friend the assurance that he wants. The consultation was important. We received tens of thousands of responses, so I do not think that anyone would think it reasonable to expect us to reach a decision within five weeks of the end of the consultation period, given the scientific uncertainty to which he alludes.

Dr. William McCrea (South Antrim) (DUP): Will the Minister tell the House whether herds that have had, or are suspected to have had, a tuberculosis outbreak in the past three years will be restricted from exporting live animals when the beef export ban is lifted in early May?

Mr. Bradshaw: I will have to write to the hon. Gentleman with the exact answer to that question, but I think that I am right in saying that because our status is officially still TB-free, our export markets will not be affected.

Mr. Eric Martlew (Carlisle) (Lab): With regard to the consultation, is the Minister aware that there is growing opposition among major landowners, such as the National Trust and the Royal Society for the Protection of Birds, to the possibility of a major cull of badgers, because they believe that the science does not justify any sort of cull whatever? Will he need legislation to be able to go on to such property to cull badgers if that is the final, and unfortunate, decision?

Mr. Bradshaw: I am on record as saying that I do not think that it is practicable to have any sort of culling system that involves enforcement when landowners do not want badgers to be culled on their land. That would not be a feasible option—but my hon. Friend's point about landowners is absolutely right. One of the problems with getting widespread and intensive coverage for our badger culling trials is that a number of landowners do not want such culling to happen as a matter of principle, although that might not necessarily be the case in all areas. My hon. Friend is right to imply that if there is to be badger culling as part of our bovine TB policy, all the scientific evidence, which, as he rightly says, is uncertain, tends to suggest that it would need fairly widespread coverage over a very large area, which would be a challenge to achieve.

Bill Wiggin (Leominster) (Con): The Minister half answered this question when he replied to the hon. Member for Stroud (Mr. Drew), but we want to know when the Government will announce their decision

about what they will do following the consultation on badger culling. Does he think that we should accept a level of TB in wildlife?

Mr. Bradshaw: As I have said before, and as the consultation document said, the international experience suggests that if we leave the reservoir in wildlife untouched it will prevent us from containing and eradicating bovine TB. We have made that perfectly clear, but we face a challenge in finalising a practicable cost-effective system of culling that is scientifically sustainable in the long term. As for timing, I cannot give the hon. Gentleman an exact answer, but we wish to proceed as quickly as possible, given the seriousness of the situation.

David Taylor (North-West Leicestershire) (Lab/Co-op): Is the Minister convinced that the new compensation scheme for affected cattle is an adequate reflection of farmers' losses? A farming family in my constituency have put the alternative case to me very vigorously, as they say that there is a significant risk that beef and milk production—the engine room of English agriculture—will be seriously affected, and that some farmers will stop milk production altogether without adequate compensation.

Mr. Bradshaw: It is early days, as the new compensation system has been operating for only a short time. I remind my hon. Friend that reports by the Public Accounts Committee and the National Audit Office, as well as a number of independent reports, have repeatedly found that there was serious overcompensation in the system, and the Government have a responsibility to defend taxpayers' interests as well as to compensate farmers for the true value of the animals that are slaughtered.

Single Payments Scheme

4. **Mr. Mark Lancaster** (North-East Milton Keynes) (Con): If she will make a statement on progress in making payments under the single payments scheme. [63730]

The Secretary of State for Environment, Food and Rural Affairs (Margaret Beckett): I refer the hon. Gentleman to the written statement given to the House yesterday.

Mr. Lancaster: I wrote to the Minister on 4 April giving her notice that I wanted to raise the case of my constituent, Mr. Arthur Adams, who is typical of farmers across the country who have had to sell their grain early at a loss, whose rent was due last month, and who simply cannot afford to buy the chemicals that they desperately need now that spring is here. All of them have one thing common—they still have not been paid. All that I want to know—all that farmers across the land want to know—is when they will be paid.

Margaret Beckett: I am grateful to the hon. Gentleman for writing to me, as that provided me with an opportunity to look at his constituent's case, which is not the norm. I am afraid that some validation tasks remain outstanding in that claim, but we hope that they will be completed as soon as possible. I remind the hon. Gentleman that of course there is, and always has been, a payment window. It was never the case that we hoped or believed that everyone could be paid at the start. Payments are being made as fast as possible.

Mr. Lindsay Hoyle (Chorley) (Lab): My right hon. Friend is aware that Scotland and Wales have managed to ensure that farmers are paid, but farmers in Lancashire are struggling without the single farm payment. Can she ensure that it will be paid as soon as possible? If not, can she guarantee that interim payments will be made, and that farmers will be compensated for the delay?

Margaret Beckett: First, I remind my hon. Friend and other hon. Members that the payment is not late, as the payment window does not close until the end of June. May I also draw to his attention, and to that of the whole House, our announcement yesterday that because of continuing concern about the rate at which the Rural Payments Agency can make payments, we have made work on a system of substantial partial payments a priority?

Mrs. Maria Miller (Basingstoke) (Con): A great many farmers in my constituency in north Hampshire are also waiting for payment under the scheme, and it is causing a great deal of hardship, particularly among smaller farmers. Many of the provisional acceptances received by those farmers are littered with errors—for example, with regard to field boundaries. One of the farmers in my constituency has been given an entitlement for a type of land that does not even exist in north Hampshire. What is the Minister doing to deal with those problems? Does she agree with the statement by a farmer in my constituency that the IT system is in meltdown?

Margaret Beckett: No, the IT system is not in meltdown, but there are continuing problems. The hon. Lady is probably not aware that since September 2004 there have been no less than 100,000 requests for new land to be registered or for changes to be made to the boundaries of land that had in many cases long been registered with the payments system. Indeed, 61,000 changes in registration have been made in the past five months alone. That is a substantial task. It is a substantially greater task than anyone had anticipated when the system was put in hand. That has caused difficulties, but I can assure the hon. Lady both that attempts are being made to resolve those as fast as possible, and that if there are difficulties with the specific information given to a particular farmer, we are trying to encourage contact between that farmer and the Rural Payments Agency.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I welcome the statement yesterday. In meetings with my farmers recently, they highlighted the genuine concern that many of them have, particularly the smaller farmers, who are finding it difficult to maintain their cash flow. When does my right hon. Friend expect progress to be made under the timetable for improvements to IT? Would it be possible for the RPA to ensure that farmers dealt with a specific individual? One of the problems seems to be that when they phone,

they have to go through the whole history all over again. Perhaps we should learn from other agencies, where specific case officers are assigned.

Margaret Beckett: First, it is our intention that all those who are eligible will receive full or substantial partial payments by the end of June. The second point that my hon. Friend makes is a valid and important one. Among the changes that have been brought in by the acting chief executive is a major overhaul of the way in which claims are processed, which gives staff responsibility for individual applications. I understand that previously, not only was there a system whereby staff had responsibility for individual tasks, but the staff involved in dealing with the tasks relating to particular claims were not the staff who were allowed to talk to customers. That is one of the first changes that our new acting chief executive has introduced. I will certainly pass on my hon. Friend's observations, in case the further point that he makes is helpful.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): There seems to be a misconception. It is not just in England and Wales that there are problems with single farm payments. Some crofters in my constituency—I declare an interest here—have still to get their single farm payments, although those will be modest sums compared with payments to farmers in England and Wales. Will the Minister give an assurance that, perhaps with the Scottish Executive, she will look into the systemic problems connected with the single farm payments system?

Margaret Beckett: I am interested in the hon. Gentleman's observations. It was also my understanding that although, as my hon. Friend the Member for Chorley (Mr. Hoyle) said earlier, there is a different system in the devolved Administrations and most of the farmers had been paid, as the hon. Gentleman rightly says, not all had been paid. As he will appreciate, I do not have responsibility for the way that payments are made in the devolved Administrations, but I undertake to draw his concerns to the attention of those who do.

John Penrose (Weston-super-Mare) (Con): One of my farmers recently tried to take the Secretary of State to court by issuing a summons for her in the Weston-super-Mare small claims court. The right hon. Lady will doubtless be sad to hear that she has been deprived of the opportunity of coming to visit the beautiful town of Weston-super-Mare because of a legal technicality—but does she agree that that farmer, Paul Bateman, typifies the frustration felt by farmers across the country, particularly when he received a letter from the Rural Payments Agency telling him exactly how much he was owed in euros, but no cheque was enclosed with the letter? Would it not have been simple for someone to have signed a cheque, put it in with the letter and got that one out of the way immediately?

Margaret Beckett: No. We are doing everything we can to speed up the payments system. On the validation of claims, identifying the amount is the first step, but I recognise that it is the cheque that really matters. Far more cheques are being issued, and that work will continue. As I have said, our top priority is a system that at least involves substantial partial payments.

Mr. Michael Jack (Fylde) (Con): Uncertainty is the politest word to describe the mess which is the RPA. Applicants who have not had this year's claim validated now face a four-week time window before next year's payment application must be made. How can someone apply for help from 2007 onwards with certainty, when they do not know whether they have made a clear application for the current payment?

Margaret Beckett: Whether or not someone has a clear application for this year does not affect the need for people to get in information for 2006. Alongside the work that is being done to resolve the current problems at the RPA, we are trying to make sure that we protect the system for 2006, because we recognise the importance of a smooth transition into that subsequent year.

Chris Huhne (Eastleigh) (LD): Does the Secretary of State recognise that any delays that may occur beyond the end of the payment window in June, which she mentioned in yesterday's written ministerial statement, would be a clear breach of the undertakings on which the farming community relies? Will she now promise that any farmers whose payments are not completed by the end of June will have their interest costs defrayed by the Exchequer? Given that the sacking of Johnston McNeill represented some recognition of the existence of an implementation problem, does she recognise that a policy decision was involved, as we can see from the difference in the payments in England, Scotland and Wales, and that she and her team must take responsibility for that decision? Will she now consider her position accordingly?

Margaret Beckett: No. I have two things to say to the hon. Gentleman. First, it is easy to overlook the fact that in Scotland and Wales not only is there a different basis for payments, but there are far fewer claimants. Nevertheless, payments in Scotland and Wales have not been completely problem free, as was identified earlier in this Question Time. Secondly, the hon. Gentleman is right to say that the ministerial team made a policy decision, for which I take full responsibility, and in the long term that decision will be seen as having been clearly in the interests of the English farming community. Without getting into dispute about the decisions that people in other member states and in other parts of these isles have taken, perfectly rightly and properly, there are already growing concerns in farming communities where a different payment system has been adopted. The hon. Gentleman is comparatively new to his responsibilities, and he might not fully appreciate that the alternative basis—

Chris Huhne: Do not patronise me.

Margaret Beckett: I am not being patronising; I am trying to be helpful. The alternative systems rest on paying somebody what was paid on a farm between 2000 and 2002. Such figures are already substantially out of date, and that will increase as the years go by. There is growing unrest in farming communities about that being an unsatisfactory basis on which to proceed.

Mr. James Paice (South-East Cambridgeshire) (Con): I refer hon. Members to my interest. There is a real human crisis out there, because farmers face a huge amount of debt, and their suppliers are carrying large amounts of credit that they have extended to farmers who cannot pay. Any money will be welcome, and yesterday's announcement takes us in that direction. Will the Secretary of State tell us what she means by "substantial"? What proportion of farmers' entitlement does she expect to pay? Can she give us an accurate estimate of when those payments will begin? Now that she has had to start making executive decisions herself, does that not prove that she has no confidence in Lord Bach, who spent months criticising anyone who forecast this crisis, while failing to grasp the seriousness of the situation? As she has had to intervene now, how can the industry have any confidence in him?

Margaret Beckett: I entirely share the view that the hon. Gentleman expresses. I fully recognise that there is a human crisis in the farming community, and that is why we are doing everything we can to resolve it.

The hon. Gentleman asked what we envisage as a substantial partial payment. We are working on the basis of roughly 80 per cent. of the claimed amount. I think that that is recognised as being substantial, and substantially helpful. I cannot tell him at the moment when the partial payment system that is being worked on will have been validated and will be able to run. However, if it would be helpful to him and to other hon. Members, particularly Front Benchers and the Chairman of the Environment, Food and Rural Affairs Committee, the acting chief executive could come to give a briefing with his technical experts. I know that Members will want to raise particular technical issues arising from their experience and the questions of their constituents. The best thing is for them to get those answers from those who are charged with making the day-to-day executive decisions.

Finally, let me say how much I regret the hon. Gentleman's observations about my noble Friend. I have every confidence in Lord Bach. Had it not been for his assiduous work and continued pressure, we might not even now have had such a clear picture of the scale of the difficulties.

Mr. Paice: Does not that make my point? The Secretary of State cannot have her cake and eat it. The more she tells us of Lord Bach's greater involvement, the greater is his responsibility for the crisis that we are facing throughout the country, and there is even more reason why he should go. If she is not going to meet fully the window that she keeps talking about by the end of the June, how much will the British taxpayer have to pay in penalties to the European Commission for that failure?

Margaret Beckett: In fact, as I have already said, we do anticipate making all those payments within the window. That is the task on which the RPA is currently engaged. Of course I understand that there is genuine distress, concern and, in many quarters, anger at these difficulties, as well as genuine anxiety for many in the farming community. However, that does not justify looking for a scapegoat in the form of an assiduous and hard-working Minister. I do not believe that Conservative Members, or any other Members, really think that this is Lord Bach's fault or that he should go—they just cannot think of anything else to ask for.

5. **Martin Linton** (Battersea) (Lab): If she will discuss with the European Commission and member states requiring publication of single farm payments under the common agricultural policy. [63731]

The Secretary of State for Environment, Food and Rural Affairs (Margaret Beckett): I am pleased that a number of member states have followed our example in publicising details of payments under the common agricultural policy, and I would certainly encourage others to do so in respect of the single payment scheme.

Martin Linton: Given that the Commission is publishing its Green Paper on transparency in May, why does my right hon. Friend not lead the way by introducing complete transparency for single farm payments under the CAP? After all, this is £1,600 million of public money, and every other Department has to identify contractors. Why should farmers be any different?

Margaret Beckett: As my hon. Friend is aware, we have shown transparency in publishing broadly the amounts of the payments that are being made. I can assure him that in the fullness of time the payments for subsequent years will be published and released. That is an example that has been followed in several other member states. We are pursuing openness, but doing so with a regard for personal privacy in making available the general information, as opposed to a much more specific set of details.

Mr. Owen Paterson (North Shropshire) (Con): It is incredible that the Secretary of State managed to get through the whole of the previous answer without saying when the payments will be made. As she will be fined by the European Commission beyond a certain date, what has she told it? When will the payments be made to farmers, and when will the last payment be made?

Margaret Beckett: I do not tell the European Commission anything different from what I tell the House. The Commission is familiar with events and has been kept informed about the steps that are being taken. Like the House, it has been told that we anticipate making the payments by the end of June.

Miss Anne McIntosh (Vale of York) (Con): Is it correct that farming has been singled out uniquely as the only business in receipt of EU funds that must have the amounts published? I draw attention to my entry in the Register of Members' Interests. Are farmers the only people who are taxed on prospective EU funds which they have not yet been paid?

Margaret Beckett: I cannot answer the first part of the hon. Lady's question because she asks me about matters for which I have no departmental responsibility. However, I would anticipate that the answer depends on whether a freedom of information request has been made. There was such a request for us to publish the moneys that went to the farming community. They are

public funds and I would be surprised if the hon. Lady argued that that should not have happened. If she feels that there are other groups in receipt of EU money to whom the same rules should apply, she, or those who think like her, should consider making a freedom of information request on that basis.

I am afraid that I have forgotten the second part of the question.

Miss McIntosh: Tax.

Margaret Beckett: Farmers are not expected to make tax payments now on single farm payment claims. Any payment on account that is sought would be based on previous subsidy receipts. That position must be the same for any business.

Avian Flu

6. **Patrick Mercer** (Newark) (Con): Which Minister has responsibility for liaising with the civil contingencies secretariat on an outbreak of avian flu in the UK. [63732]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): DEFRA is the lead Department for animal diseases, and the level of ministerial liaison with the civil contingencies secretariat depends on the seriousness and nature of any outbreak.

I am sure that the House would like to thank all those involved in dealing with the recent H5N1 case in Cellardyke for their hard work and professionalism, and the British public for their vigilance and co-operation.

Patrick Mercer: I thank the Under-Secretary for his reply and pay tribute to the work of the civil contingencies secretariat. However, does not the answer pose the problem that the secretariat faces? It has to deal with the whole gamut of emergencies, from serious terrorist incidents through flooding to avian flu. Each time, it has to deal with a different Secretary of State or Minister. Before avian flu strikes this country, is it not time that the Government listened to the cries from not only Conservative Members but Labour Members, and appointed a single Minister, of Cabinet status, to deal with civil contingencies?

Mr. Bradshaw: That worked well in the United States in the context of hurricane Katrina—did it not?—when the President had to sack the official responsible. I do not agree with the hon. Gentleman. It does not make sense to expect a single Minister to have such expertise in a range of policies. The experience of the avian flu outbreak shows us that the current system works well.

Mr. Jim McGovern (Dundee, West) (Lab): I assume that the hon. Member for Newark (Patrick Mercer) tabled the question before the first incidence of avian flu in the UK. Given that it happened in Scotland—the Scottish Executive dealt with it well—it highlighted an interesting division of responsibility between the Scottish Executive and DEFRA. What plans are in place to ensure total co-operation north and south of the border and that any emergency measures, if required, are rolled out smoothly and consistently throughout the UK?

Mr. Bradshaw: I assure my hon. Friend that the co-operation was total and extremely good from the beginning. The Scottish Executive took part in the daily Cobra meetings by video link. I was in regular contact with Ross Finnie, my Scottish counterpart, and the Secretary of State was intimately involved at all times. The way in which the outbreak in Scotland was handled is a good example of our working together extremely well within the devolutionary settlement, despite the potential for some complication.

Mark Pritchard (The Wrekin) (Con): Given that Shropshire primary care trust decided yesterday to refuse Herceptin to patients and constituents of mine, who would be responsible for purchasing and distributing Tamiflu—the Government or the overstretched primary care trusts?

Mr. Bradshaw: Those are matters for the Department of Health.

Mr. Brian Jenkins (Tamworth) (Lab): Will my hon. Friend find time in his busy schedule to read the report on the outbreak of foot and mouth disease in this country? Will he also find time to visit the marketplace to establish the price of fowl, so that if there is an outbreak of avian flu—which we all hope will not happen—the taxpayer will not be left picking up the bill to replace the many geese that, according to the industry, lay the golden egg?

Mr. Bradshaw: The implication of my hon. Friend's question is that it is important that we learn the lessons from the foot and mouth outbreak. As has been mentioned in relation to a question on bovine tuberculosis, we have already looked carefully at the compensation that we pay. It is right that poultry and egg producers should be entitled to compensation for birds that are slaughtered in the event of any outbreak, because that provides an important incentive for them to report any signs of disease at an early stage. Everyone knows that with avian flu, as with many other animal diseases, the most important thing is early identification and quick containment and eradication.

Lynne Jones (Birmingham, Selly Oak) (Lab): May I draw to my hon. Friend's attention the article in last week's *New Scientist* that cast doubt on the methodology used to take samples and to deliver them with the avian influenza virus intact to the laboratory? Is he absolutely confident that his Department is receiving top quality scientific advice and that it is at the forefront of scientific research into aspects of this important disease, such as the detection of the virus in birds that have been vaccinated?

Mr. Bradshaw: Yes, I did read that article, and I have asked my officials for further advice on it. The initial advice is that the group that carried out this type of testing in Sweden is not officially recognised under EU rules. However, I would like to take this opportunity to praise and congratulate the excellent work that is done at the Veterinary Laboratories Agency at Weybridge in

Surrey. It is the world's most renowned testing centre and it tests for avian flu and animal diseases not only from this country, but from all over the world. Some of the criticisms that have been levelled at it during this outbreak have been unfair and unfounded.

Water Shortages

7. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): If she will make a statement on water shortages in London and the south-east. [63733]

8. **Richard Ottaway** (Croydon, South) (Con): If she will make a statement on water shortages in the south-east. [63734]

12. **Mr. David Evennett** (Bexleyheath and Crayford) (Con): If she will make a statement on water shortages in the south-east of England. [63739]

The Minister for Climate Change and the Environment (Mr. Elliot Morley): Both groundwater and some reservoir levels in the south-east are below average for this time of year, and public water supply will need careful management. Water companies are taking prudent measures to conserve supplies in accordance with their drought plans.

Mr. Hands: I thank the Minister for that answer. He mentioned prudent measures. Is he aware that the hosepipe ban introduced by Thames Water on 3 April extends only to privately owned vehicles? Does he agree that the public sector also has a role to play here? It would appear, for example, that ministerial cars are exempt from the ban.

Mr. Morley: It is important to recognise that the hosepipe ban is implemented under the water companies' own measures, and they are restricted in regard to the conditions that they can apply. The hon. Gentleman should be aware that a hosepipe or sprinkler can use in one hour the total daily water consumption of a family of four, which can have a big impact. If the water companies wish to go further and apply the ban to companies, they can apply for a drought order, as some companies have done.

Richard Ottaway: But it does not stop with hosepipe bans. Will the Minister confirm the drastic nature of the "essential use only" orders that are about to be imposed, which will result in a ban not only on car washes but on the watering of bowling greens, golf courses, tennis courts, sports grounds such as Lord's, the Oval and Wimbledon, and the Royal Parks, including Kew Gardens? Far more importantly, however, this situation has arisen because we have just had our second dry winter in a row. What are the Minister's contingency plans in the event of a third dry winter? If he waits until then, it will be far too late.

Mr. Morley: The hon. Gentleman is right to say that the drought started in November 2004. It is the worst drought in the south-east of England since 1976. There is a range of measures that people can take, and it is important to manage water supplies prudently. That includes taking drought orders if necessary. In the longer term, companies have obligations to have drought plans in place and to produce a 25-year forward programme that takes into account water supply and demand as well as issues such as climate change.

Mr. Evennett: Is the Minister aware of the anger of many pensioners in my constituency about the hosepipe ban? They feel that, together with the disabled, they are the most discriminated against, as they cannot walk with watering cans to save their plants. They are therefore looking to the Minister to engage in more action and discussion with the water companies to reduce hosepipe bans in future years, and are concerned about further housing developments in the south-east, which will use more water and possibly result in more shortages in future.

Mr. Morley: That is not necessarily the case, but we should not get away from the fact that we are facing a two-year drought—and the worst drought since 1976. Indeed, in some parts of the south-east it is the worst drought for 100 years. In that respect, it is not a lot to ask that people should face some restrictions on hosepipe bans in gardens. They can still use watering cans and recycled water. Future demand for water is being taken into account, both in the current five-year price round and 25-year forward plans.

Rob Marris (Wolverhampton, South-West) (Lab): This problem is likely to be connected to climate change, which is here to stay, as people will not give up their cars and cheap flights. As a country, we must deal with the effects of climate change as well as discussing measures such as the climate change levy. Can the Minister say a little more about what his Department is doing to address the effects of climate change, to which he adverted earlier, with regard to water, coastal defences, plant research and so on?

Mr. Morley: My right hon. Friend the Secretary of State recently launched our Department's climate change review, which outlines a range of measures that cut across all Departments, relating to fiscal policy, regulation, taxation and incentives designed to deal with climate change. It is easy to talk about tackling climate change, but not so easy to implement effective measures.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): In relation to the possibility of water shortages in the south-east, has my hon. Friend had any discussions with the water authorities in Scotland, which, as he will be aware, are still under public control? What discussions, if any, have there been about financial arrangements? I am sure that he will agree that it would be wrong to use public money to bail out private water companies.

Mr. Morley: The issue of water is a devolved matter for the Scottish Executive. Of course, there are interests of common concern, but policy and strategic decisions are devolved.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Further investment in water storage and improved infrastructure maintenance to cut out leaks will be fundamental to addressing this water shortage. I understand, however, that the Government are trialling

compulsory metering in some areas. What further plans do the Government have for compulsory metering, and what protection would they put in place for poorer families to prevent them from suffering water poverty?

Mr. Morley: Water meters are but one tool, but they are an effective tool. Under legislation, water companies can make an application for the compulsory implementation of water meters if there is deemed to be water scarcity status. So far, only one company, Folkestone and Dover Water Services, has made that application, which has been granted. Other companies can make applications if they so choose. The vulnerable groups regulations are designed to protect the most vulnerable in relation to water charges, and we are trialling a pilot scheme in the south-west of England to examine what further measures can be taken to assist people on low incomes.

Mr. Peter Ainsworth (East Surrey) (Con): We cannot really blame the Government for the weather, but we do hold them to account for their failure to tackle climate change. The worry is that the Government are in danger of making the water crisis, if it becomes that over the summer, even worse. Last year, the Environmental Audit Committee warned that significant areas of the south-east are already being supplied water by an unacceptable and unsustainable abstraction regime in both winter and summer months. We all know that more affordable homes are needed, but is not the Minister concerned that pushing ahead with a mass house building programme in an area of water shortage will only make the situation worse? Will he talk to the Deputy Prime Minister about his plans?

Mr. Morley: That assumes that the issue of water supply is not taken into account. In the current price round, periodic review 2004, finance is available to water companies in England and Wales to upgrade and connect up to 1 million additional homes. That is within the current programme. Within the future programme, water companies are consultees on regional planning. They must ensure that there is adequate provision in their 25-year forward plans. There are plans for considerable upgrading of existing reservoirs in the south-east and for the building of new reservoirs, along with further measures to make more water resources available.

Recycling and Waste

9. **Philip Davies** (Shipley) (Con): If she will make a statement on the performance of local councils in meeting their recycling and waste targets. [63735]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): Levels of recycling by local authorities have improved dramatically on the record under the last Conservative Government. In 1997, only 8 per cent. of household waste was recycled. This year we expect local authorities to achieve the target of 25 per cent. that we set them—more than a trebling of recycling since Labour came to power.

Philip Davies: I thank the Minister for his reply, although he failed to mention that Conservative councils have a much better recycling record than Labour and Liberal Democrat councils. Can he tell us what help his Department gives communities to support local recycling initiatives, especially those run by the voluntary sector?

Mr. Bradshaw: Yes, I can. The hon. Gentleman raised the same issue at Question Time recently, after which I contacted the local re-use and recycling network. We recently approved a new system of credits for re-use and recycling, in addition to the help that is already given to those groups. I am pleased to tell the hon. Gentleman that, as part of the waste review that is currently being consulted on, we envisage a more significant role for local voluntary and community groups.

Dr. Alan Whitehead (Southampton, Test) (Lab): To what extent does my hon. Friend consider that the reduction in the amount of municipal waste going to landfill is a result of the implementation of the landfill allowance trading scheme? Does he intend to monitor the scheme's progress, and does he intend to review its long-term future after 2009 as part of the waste review process?

Mr. Bradshaw: Everything, to an extent, is up for review as part of the process. It is still too early to judge how well the landfill allowance trading scheme has worked, but the initial signs are encouraging. Of course, the landfill tax escalator is a much more significant driver for local authorities and businesses to reduce the amount of waste that they produce and send to landfill. The level of that escalator and its steepness are also being considered as part of the waste strategy review.

Sir Nicholas Winterton (Macclesfield) (Con): There is no doubt that local authorities take recycling increasingly seriously, and I commend them for that. Obviously, we want to monitor their performance, but have the Minister and the Government any plans to try to reduce the amount of material presented for recycling, particularly the massive amount of packaging on practically everything that we buy in the shops? Is there any Government policy on the issue, and what contact does the Minister have with the huge superstores that generate that massive amount of material for recycling?

Mr. Bradshaw: The hon. Gentleman makes an extremely important point. It is important for us to minimise the amount of waste that we produce in the first place, and minimisation is at the top of the Government's so-called waste hierarchy.

We have had some success. Last year, for the first time ever, we reduced by 1 per cent. the overall amount of municipal waste that we produced as a country. There are packaging waste regulations, which make challenging requirements of the businesses and supermarkets to which the hon. Gentleman referred. We are also considering carefully, as part of the waste review, what further measures could be introduced to encourage waste reduction and minimisation.

Jessica Morden (Newport, East) (Lab): I am glad to hear that my hon. Friend is looking at community recycling. Will he pay particular attention to Wastesavers in my constituency, which is an award-winning project? Community enterprise is much cheaper than many private schemes. The level of participation is high, and residents separate material at source so that less is contaminated and ends up as landfill. Will my hon. Friend examine that project as an example of good practice?

Mr. Bradshaw: I should be happy to do so.

Energy Policy

10. **Jo Swinson** (East Dunbartonshire) (LD): What recent discussions she has had with the Department of Trade and Industry on the cost-effectiveness of (a) nuclear power and (b) other measures in reducing carbon dioxide emissions. [63736]

The Secretary of State for Environment, Food and Rural Affairs (Margaret Beckett): There are regular discussions at ministerial and official level on energy and climate change, including discussions on the relative costs of different means of generating power.

Jo Swinson: Now that the bill for clearing up nuclear waste is approaching £70 billion, of which £5.2 billion is for the three Scottish sites, does the Secretary of State agree that money spent on new nuclear power would be better spent on energy efficiency and renewables? Has her Department undertaken any work internally to assess the cost benefit of various energy options to reduce carbon dioxide emissions? If so, what conclusions has it reached?

Margaret Beckett: It was a feature of the energy White Paper that we published together with the Department of Trade and Industry in 2003 that the prime emphasis was initially on energy efficiency and renewables. That was precisely because they were seen as the most speedy and effective way to begin to tackle some of these issues, and also the most cost-effective, so I can certainly tell the hon. Lady that that has been a high priority and that the issue is being looked at afresh in the energy review.

Joan Ruddock (Lewisham, Deptford) (Lab): Despite what my right hon. Friend has just said, does she agree that it is unfortunate that the energy review has become so focused on nuclear power when nuclear power is only 8 per cent. of the total UK energy mix that gives rise to emissions? Will she ensure that any outcomes of the energy review are fully integrated with the climate change review to achieve a major reduction in energy demand, an improvement in energy efficiency and maximum development of renewable technologies?

Margaret Beckett: It is my understanding that the review is not focused only on nuclear energy, although I appreciate that the media coverage is. It is the intention of both the Secretary of State for Trade and Industry and myself—and, indeed, the Government—that the issues should be fully integrated with those that concerned us in the climate change review, including reduction in demand—not least through energy efficiency—and an increase in renewables.

My hon. Friend may recall that when we announced the climate change review we were careful to point out that that specific review was not the last word, not least because the energy review is under way.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Whatever decision the Government eventually make on the matter, at a time when consumers already face increases in their energy bills will the Government ensure that they are not faced with an additional nuclear levy to make nuclear power attractive to investors in a way that it would not otherwise be?

Margaret Beckett: My hon. Friend rightly makes a point about increased energy prices. There are immense gains to be made in terms of energy efficiency because it is not only beneficial for the climate, but beneficial for the pocket of the customer. The review will include whatever issues would have to be taken into account were there to be a recommendation for further nuclear build.

Single Payments Scheme

11. **Ann Winterton** (Congleton) (Con): what proportion of single farm payments were made by the end of March. [63738]

The Secretary of State for Environment, Food and Rural Affairs (Margaret Beckett): Some 25 per cent. of applicants had been paid by the end of March, and 15 per cent. of the fund disbursed. This unacceptably slow progress was, as the hon. Lady knows, the reason why the chief executive of the Rural Payments Agency was replaced on 16 March.

Ann Winterton: I welcome the announcement by the Secretary of State of substantial part payment—approximately 80 per cent.—of entitlements under the single farm payment scheme. It will help to ameliorate the disastrous financial situation in which many in the farming community find themselves. Will the Secretary of State go even further and suspend cross-compliance inspection until the payment process is complete? Will she waive penalties for late claims in 2006 because, as she knows, the system is completely inflexible?

Margaret Beckett: I do not think that I can undertake to waive cross-compliance considerations, but we fully recognise the concerns about all these issues. I assure the hon. Lady and the House that we are trying to look sensitively at a number of specific issues, such as the one that the hon. Lady raised of differences and difficulties with particular payments.

Anne Snelgrove (South Swindon) (Lab): My right hon. Friend will be aware of the premium that her Department places on stakeholder engagement and discussions in this important area. I was pleased to welcome the Minister with responsibility for rural communities to my constituency in the recess for a rural conference. I welcome yesterday's statement on partial payments. How did stakeholder discussions with Lord Bach inform the decision?

Margaret Beckett: As my hon. Friend will be aware, Lord Bach and the acting chief executive Mark Addison have been having weekly meetings with stakeholder representatives, which have included opportunities for stakeholders to raise any concerns and to discuss issues with the technical experts dealing with the issues on a day-to-day basis. As I think the stakeholders recognised in their press release of yesterday, it was very much as a consequence of the discussions as well as the exploration of what can be done within the RPA that we made the announcement that we did yesterday. We are grateful to the stakeholders for their input.

Mr. Peter Ainsworth (East Surrey) (Con): The Secretary of State's approach to this whole fiasco smacks of complacency. Her own figures show that in the first four weeks the RPA paid 23 per cent. of the claims. In the last three weeks it has paid a further 16 per cent. How can she possibly claim that there is a significant improvement when the rate has slowed?

Margaret Beckett: I am not sure whether the hon. Gentleman is aware that some work, not least to prepare for 2006, had to be done on the IT system over the past couple of weeks. That inevitably and regrettably led to a slowdown. A reason why I offered the House a technical briefing with the acting chief executive and those who are dealing with those issues was so that Members, all of whom will have particular concerns brought to them by particular constituents, have the opportunity to raise those issues with the RPA, as we are doing, and have a full discussion on a more sustained basis than is possible across the Floor of the House.

Business of the House

11.31 am

Mrs. Theresa May (Maidenhead) (Con): First, Mr. Speaker, may I give you a personal welcome back to the Chair and say how good it is to see you back in good health and on good form?

I ask the Leader of the House to give us the business of the House for the coming weeks.

The Leader of the House of Commons (Mr. Geoffrey Hoon): I endorse the words of the right hon. Lady. The whole House is delighted, Mr. Speaker, to see you back in your rightful place in this Chamber.

The business for next week is as follows:

MONDAY 24 APRIL—Second Reading of the Finance (No. 2) Bill.

TUESDAY 25 APRIL—Second Reading of the Housing Corporation (Delegation) Etc. Bill

WEDNESDAY 26 APRIL—Consideration of an allocation of time motion, followed by Second Reading of the Northern Ireland Bill.

THURSDAY 27 APRIL—Consideration in Committee and remaining stages of the Northern Ireland Bill.

FRIDAY 28 APRIL—The House will not be sitting.

The provisional business for the following week will include:

TUESDAY 2 MAY—Consideration in Committee of the Finance (No. 2) Bill.

WEDNESDAY 3 MAY—Conclusion of consideration in Committee of the Finance (No. 2) Bill.

THURSDAY 4 MAY—A debate on the Government's strategy to improve the life chances of disabled people on a motion for the Adjournment of the House.

FRIDAY 5 MAY—The House will not be sitting.

It may help the House to know that the business in Westminster Hall for the first three weeks of May will be:

THURSDAY 4 MAY—A debate on enterprise and its contribution to society.

THURSDAY 11 MAY—A debate on the report from the International Development Committee on HIV/AIDS and the provision of anti-retrovirals.

THURSDAY 18 MAY—A debate on the Darfur crisis.

Mrs. May: I thank the Leader of the House for giving us the business for the next two weeks. Will he arrange for the Prime Minister to come to the House and explain his statements about the health service? Yesterday, in Prime Minister's questions, he said:

"in the Thames Valley strategic health authority area . . . in 1997, more than 2,500 patients waited longer than 13 weeks for their out-patient appointment; today the figure is none."—[*Official Report*, Wednesday 19 April 2006; Vol. 445, c. 116.]

One of my constituents was watching and was annoyed because she knew that that was not true. On 19 December 2005, her GP asked for an appointment with a specialist at Wexham Park hospital in Slough, part of the Thames Valley strategic health authority area. She was given an appointment for 10 May 2006—not a 13-week wait, but a 20-week wait. The Prime Minister misled the House. When will he come to explain himself?

As we see yet more job losses in the NHS, hospitals threatened with closure and patients being denied life-improving drugs, people have one simple question: where has all the money gone? Can we have a statement from the Health Secretary explaining the Government's failure on the NHS?

Figures published yesterday show that one third of post offices have closed in London in the last three years, for example, seven in Beckenham, five in Hammersmith and Fulham, five in Merton and 22 in Croydon. Will the right hon. Gentleman accept that post office closures hit communities hard, and allow a debate on the future of post office branches?

May we have a debate in the next two weeks on the environmental record of local councils and the link between crime and grime? Improving local surroundings can lead to lower crime. Figures show yet again that, of the top five councils for recycling and composting, four are Conservative-controlled, while the fifth is under no overall control. Conservative Richmond has reduced landfill by 20,000 tonnes a year. Conservative Woking has cut its emissions by 77 per cent. since installing its own microgeneration grid and Conservative Enfield's environmental crime unit has clamped down on fly-tipping, graffiti and abandoned vehicles, with incidents falling by 30 per cent. in one year alone. That shows clearly that people who vote blue can go green.

During that debate, will the Leader of the House arrange for the Chancellor of the Exchequer—who has suddenly become interested in the environment—to come to the House to explain why he announced in his recent Budget a new zero-rate road tax on environmentally friendly cars yet failed to mention that no cars available to buy today in the UK are eligible for it?

Finally, may we have a debate on how to handle disputes between neighbours? At the last business questions, I wished the Leader of the House a quiet recess. However, I am sorry that he had to spend part of it trying to stop the battle between the Blairites and the Brownites in government. He said that they were

"damaging the party at this critical time".

I wonder what the right hon. Gentleman said to his constituency Labour party, which recently voted on when the Prime Minister should resign. I understand that he owns a house in Kennington that has squatters next door: given his experience with unwanted occupiers next door, perhaps he would like to advise the Chancellor on how to remove the squatter in No. 10.

Mr. Hoon: I am sure that the right hon. Lady did not intend to say that my right hon. Friend the Prime Minister had misled the House and that, with the benefit of slightly more mature thought, she will accept that it was not an appropriate observation to make. I am certainly willing to allow her to correct the record, if she wishes to do so.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I would have intervened if I thought that an entirely improper remark had been made. I judged the matter in its context, and the right hon. Lady did not suggest that there had been deliberate misleading. However, the

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Chair is always concerned that, as far possible, moderate language should be used in the House. I hope that that will be generally observed.

Mr. Dennis Skinner (Bolsover) (Lab): She has been let off because she is a Tory.

Mr. Deputy Speaker: Order. That is a grossly offensive and misleading remark on the part of the hon. Member, and I would wish that he withdraw it.

Mr. Skinner *indicated dissent.*

Mr. Deputy Speaker: If the hon. Member is challenging the Chair, the Chair has certain powers that it will not hesitate to use. Is the hon. Member prepared to apologise?

Mr. Skinner: Why is there one rule for Labour and another for the Tories?

Mr. Deputy Speaker: Order. I name the hon. Member.

I see that, by withdrawing from the Chamber, the hon. Member has taken the easier way out.

Mr. Hoon: It is important that we have a proper debate about the enormous funding increases that this Government have made available to the NHS and it is right that taxpayers want that money to be spent properly and effectively. The Government are embarked on a fundamental change in the NHS that will be self-sustaining and to the benefit of patients. I am confident that the debate will go on in the months ahead and sure that the country as a whole will see the enormous benefits flowing from the extra investment being made in the NHS and from the reform programme that is under way.

The Government will take no lessons from the Opposition about the NHS. Under the Conservatives, it was a disgrace, as the right hon. Member for Maidenhead (Mrs. May) knows. She understands that most Conservative party members at that time fundamentally did not believe in the NHS. It will be interesting to see, when we finally get the results of the series of reviews being undertaken by the Conservatives, whether they remain true to their principles and continue to advocate dismantling our national health service.

The right hon. Lady raises the issue of recycling and Conservative-run councils, but most Labour Members—and, indeed, most parties other than the Conservative party—recognise the degree of recycling of Conservative party policy in the months since its new leader was elected. If the Conservatives are so committed to environmental protection and tackling climate change, why are they so opposed to the climate change levy—the very mechanism that is delivering change, to the benefit of our environment? The right hon. Lady wants to lecture the House on environmental policy, but she should start closer to home by inviting the Leader of the Opposition to explain how wearing a green tie, riding a bicycle and flying to the Arctic circle is a substitute for a serious debate on environmental policy. My right hon. Friend the Chancellor of the Exchequer is engaged in a serious and substantive debate on how to protect our environment internationally and he is dealing with what I suspect is a pretty tough audience in New York, rather than a handful of journalists on a photo-shoot somewhere inside the Arctic circle.

On the eligibility of motor vehicles, the right hon. Lady has not understood that what is important is that we set challenging and demanding targets for the motor industry—and, indeed, for the country—in promoting the environment. This issue is more important than simple photo opportunities, which, frankly, are all that the Conservative party can currently offer.

Mr. David Heath (Somerton and Frome) (LD): As was clear from Environment, Food and Rural Affairs questions earlier, there is an urgent need for a debate on the shambles that is single farm payments, and the fact that many farmers will not receive their payments by the close of the payment window at the end of June. If a member of the public fails to pay the Government by the appropriate time, they are taken to court or have interest imposed on them. Why are the Government not prepared to pay interest by the close of the payment window to those who were unlawfully refused payments? Moreover, why have next year's application forms, which have to be submitted in three weeks' time, not yet been sent out to many farmers?

While we are talking about mismanagement, we need an urgent debate on the health service. Despite the record sums being put into it, the fact remains that acute hospitals throughout the country—including my own general hospital, the Royal United hospital, in Bath—are sacking staff. That is entirely unsatisfactory, as the Leader of the House must recognise.

May we have a debate on the outcome of the court case between Deloitte and the Bank of England, which has ramifications for the court system and for the Department of Trade and Industry in terms of insolvency practice? It was instigated 12 years ago and has taken 256 trial days. At least £120 million of creditors' money has been spent on an entirely inadequate case that has now collapsed. Surely lessons should be learned from such a fiasco in our courts.

Lastly, may we have a debate on the manufacturing industry? We are all aware of what has happened with Peugeot, but the same situation is being replicated on a smaller scale day after day, week after week in many of our towns, where manufacturing industry is being squeezed out. The Government must have a proper manufacturing industry policy and it is this House's responsibility to debate the matter.

Mr. Hoon: I am sorry that the hon. Gentleman did not get called during Environment, Food and Rural Affairs questions. Since they finished only 13 minutes ago, I do not intend to add to the answers that my right hon. Friend the Secretary of State gave when the issue of farm payments was raised with her directly. In future, he might seek the same opportunity to ask questions as is available to all Members of the House.

On the health service, I am sorry that the hon. Gentleman chooses to use emotive language such as "sacking staff". If he checks, he will find that year on

year, the NHS is employing far more people than ever before. This year alone, there has been an increase of about 38,000 in the number employed—*[Interruption.]* Opposition Members affect amusement at that observation, but surely every Member supports my contention at the outset, which is that a huge amount of public money is being spent on the national health service. That public money needs to be spent effectively and sensibly and, crucially, it needs to be spent on delivering front-line services across the country, on nurses, doctors and consultants. Numbers in each of those professions have increased significantly since 1997. Obviously, it is important that they receive the best back-up in terms of administrative support, but if it is possible to reduce the number of people involved in administration and still deliver an excellent health service, every Member of the House should support that.

There are lessons to be learned from the particular court case that the hon. Gentleman mentioned and I am confident that we shall do so. It is important, however, that court cases be allowed to proceed independently of political observation and comment.

I do not accept the hon. Gentleman's observations about our commitment to manufacturing industry; nor would the Government, who are absolutely committed to it. The Government are also committed to supporting the people who work in that industry. Clearly, it is a matter of regret and sadness for those who have been told that they will lose their jobs at Peugeot over a period of time. We would have preferred Peugeot to remain operating in the United Kingdom, manufacturing vehicles, but the British car industry today is an absolute success right across the country. We are producing high-quality cars. In Sunderland, we have the most efficient car plant anywhere in Europe, and there has been a 25 per cent. increase in production at Toyota in Derbyshire. The record of manufacturing in our car industry is outstanding and I should be much more interested in the hon. Gentleman's concern about manufacturing if he had put it in that context.

Dr. Desmond Turner (Brighton, Kemptown) (Lab): My right hon. Friend will agree that the forthcoming decision about whether to deploy a new generation of nuclear generators is one of the most momentous that the Government will undertake for a considerable time. He will be aware that recent reports from the Sustainable Development Commission and the Environmental Audit Committee have thrown some light on the question. Does he agree that such an important decision should be debated by the whole House, in the Chamber, before it is finally taken? Will he find time for such a debate?

Mr. Hoon: I agree that issues such as our energy requirements and their contribution to protecting our environment are vital for the future of the country. That is why my right hon. Friend the Secretary of State for Trade and Industry and my hon. Friend the Minister for Energy have undertaken such a comprehensive review, which concluded its first phase on 14 April. The huge number of representations that were received are being considered and I am confident that time will be available for the House to debate those matters in due course.

Mr. John Redwood (Wokingham) (Con): Given that we are not meeting our carbon targets and carbon emissions are going up, may we have an early debate on how Ministers and Departments could cut their carbon footprint on the planet? By choosing more sensible cars, travelling less and not using the Queen's Flight so much, by looking at how buildings are insulated and at control systems in buildings and by introducing fuel-efficient lighting, the Government could do a number of things to contribute to trying to meet targets that they are not hitting.

Mr. Hoon: The right hon. Gentleman makes an entirely sensible and practical suggestion on something about which all Departments are concerned. In my previous ministerial capacity, I was concerned to ensure that, when the Ministry of Defence main buildings were refurbished, for example, environmental considerations were taken into account along the lines that he suggested. I agree that it is important that the Government set a good example for others to follow.

Michael Connarty (Linlithgow and East Falkirk) (Lab): Will my right hon. Friend urge the Government to make a statement to the House—if they are not already planning to do so—on the publication of the document, "Self-sufficiency in blood products in England and Wales: A chronology from 1973 to 1991"? My right hon. Friend has encyclopaedic knowledge of things coming from all Departments, but I am sure that he missed that document. Even the Haemophilia Society only found out from a website that it had been published and had to ask for a copy. I am the chair of the all-party group on haemophilia and I only received a copy, through the Haemophilia Society, in the last few days. The document is strongly criticised by the society for omitting some of the major points that were supposed to be considered—the Government's involvement and omissions at a high level of Government. There was a disaster: 4,800 people were contaminated with HIV and hepatitis C in the 1970s and 1980s. Is not it time that we had a statement from the Government and a commitment to a public inquiry into how that scandal occurred?

Mr. Hoon: I confess that, in my Easter recess reading, I overlooked that report, although I did see some newspaper accounts of it. My hon. Friend is absolutely right to raise that important issue, and I am sure that his observations will be noted by my right hon. Friend the Secretary of State for Health, who will respond appropriately.

John Bercow (Buckingham) (Con): May we please have a statement next week from the Secretary of State for Health on the future of the Nuffield speech and language unit, whose fate is to be determined by July this year? Given that the unit is a centre of excellence that provides intensive specialist therapy and teaching to children aged between four and seven with severe communication disorders for whom there is not and cannot be any comparable provision in mainstream education, does the right hon. Gentleman understand how horrified the friends of the unit are that it is earmarked for closure? What will the Government do to safeguard that vital national resource?

Mr. Hoon: The hon. Member has raised the issue effectively, and I am sure that my right hon. Friend the

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Secretary of State for Health will respond to him in due course. I cannot offer him a statement on that question next week, but I am sure that my right hon. Friend will deal with him through correspondence.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. We have had four very wordy interventions so far. At that rate, I shall not be able to call every hon. Member who is trying to catch my eye, so I would appreciate hon. Members' co-operation in being concise in putting their questions.

Anne Moffat (East Lothian) (Lab): Will my right hon. Friend initiate a debate on the future of junior football clubs, which play a vital role in our communities? An unnecessary tax burden is being placed on them that has never been placed on them previously. If that happens, it could mean their closure.

Mr. Hoon: I know how seriously my right hon. Friend the Chancellor of the Exchequer takes Scottish football and I am sure that he would be anxious to hear of the issue raised by my hon. Friend. I am not aware of the detail that she refers to, but I am sure that my right hon. Friend will respond to her appropriately.

Sir George Young (North-West Hampshire) (Con): On Tuesday, we had the Second Reading of the Commons Bill [*Lords*]. When might we expect the Second Reading of the Lords Bill [*Commons*], delivering the Government's 2001 election manifesto pledge for a more accountable second chamber?

Mr. Hoon: The right hon. Gentleman is a distinguished Member and knows the conventions that govern constitutional change. The Government have already delivered the first stage of reforming our second chamber. It is important that any second stage continues by consensus. This is not a matter that has traditionally divided the political parties—or not across the Chamber, at any rate—and in those circumstances, I hope that he will bear this time a little more patiently, as we review the way in which we are determined to deliver our manifesto commitment. That will necessarily take some time.

David Taylor (North-West Leicestershire) (Lab/Co-op): Just two weeks or so ago, the Chancellor's welcome initiative to fund free off-peak bus travel in local authority boundaries for pensioners and those with disabilities was implemented with great success in most parts of the country, to be rolled out nationally in two years' time. Will the Leader of the House comment on the fact that both Labour-controlled Derbyshire and Nottinghamshire county councils have been able to work with their local authorities to extend that initiative county-wide, which makes sense in many areas, whereas Conservative-controlled Leicestershire county council has not been able to do so? That runs against the Chancellor's intention, does it not? May we have a statement on that?

Mr. Hoon: I am grateful to my hon. Friend for raising the issue. I am well aware that that national initiative has not been followed through by some local authorities. It is essential that all local authorities recognise the importance of free off-peak bus travel for our pensioners—it is of huge benefit to them and to our society—and it is important that the money that is made available to local authorities is used for that purpose.

Mr. Owen Paterson (North Shropshire) (Con): On 25 October, the Secretary of State for Health stated that no primary care trust should fail to prescribe Herceptin on grounds of cost. Following a decision yesterday by the priorities committee of the Shropshire PCT, my constituents must raise £47,000 to be treated, and they are being treated in NHS hospitals where the same equipment, the same drug, the same ward and the same oncologist are delivering that drug free to patients with Welsh addresses or certain Staffordshire addresses. That is medically wrong, it is morally wrong and it is politically inept. Will the Secretary of State for Health come next week to explain to the House why the NHS is not delivering on her promise?

Mr. Hoon: The position has not changed as far as the Government and my right hon. Friend the Secretary of State for Health are concerned. She has very clearly set out the position, as the hon. Gentleman has very fairly stated. We would expect every health service organisation throughout the country to accept the terms of what she has set out. That is something that should happen.

Julie Morgan (Cardiff, North) (Lab): Yesterday, the Home Secretary made a very important announcement in a written statement about changes to the compensation paid to the victims of miscarriages of justice and other changes. That has caused a great deal of concern to people who have suffered miscarriages of justice—in particular, my constituent, Mike O'Brien, one of the so-called newsagent three, who was wrongfully imprisoned for 11 years. When can we debate those proposals, particularly the Home Secretary's proposed review of whether technical errors in the trial constitute miscarriages of justice?

Mr. Hoon: Of course, my right hon. Friend the Home Secretary set out in his statement how to deal with the discretionary scheme. That will not affect the legal rights of those who have been subject to miscarriages of justice. I am sure that that issue can be raised with my right hon. Friend at an appropriate stage during Home Office questions. It is an important issue, but we believe that, in making those proposed changes, we are achieving the right balance between compensating those who suffer a miscarriage of justice and those who suffer the consequences of crime.

Mr. Peter Robinson (Belfast, East) (DUP): The Government have been considering the distribution of Olympic events to regions outside London. When might we have a statement in the House so that we can learn what benefit will be derived in Northern Ireland?

Mr. Hoon: As someone who represents a constituency well outside London, I recognise the importance to the rest of the country of understanding how the bid will benefit other parts of the country, but it is equally

important to recognise that the bid was won by London for London and that, necessarily, a balance must be struck between ensuring that, for example, athletes do not have to travel great distances to compete in their events and recognising that this will be a great national opportunity for the country. I am sure that my right hon. Friend the Secretary of State for Culture, Media and Sport will inform the House in due course, once decisions have been reached about the appropriate distribution of events.

Geraldine Smith (Morecambe and Lunesdale) (Lab): My right hon. Friend will be aware that the council tax is hugely unpopular and grossly unfair to people on fixed incomes. Is it not about time that we scrapped that tax, which the Conservatives introduced? May we have a debate on that and on alternative means of raising the revenue that we receive from the council tax?

Mr. Hoon: As my hon. Friend will be aware, the Government are considering ways in which local taxation could be raised fairly and equitably across the country. That is currently the subject of a detailed review. As soon as that review has been completed, an appropriate statement will be made to the House.

Mr. Andrew Mackay (Bracknell) (Con): Returning to out-patient appointment times in the Thames valley, which includes my constituency, it was clear, as my right hon. Friend the Member for Maidenhead (Mrs. May) pointed out earlier, that the Prime Minister inadvertently gave incorrect figures to the House yesterday. How does the Leader of the House propose to correct that and by which mechanism next week?

Mr. Hoon: If that is the case—obviously I am not in a position to say whether it is true at the moment—there is a well-used process by which statistical mistakes are corrected. Letters would be written and placed in the Library.

Mr. Fraser Kemp (Houghton and Washington, East) (Lab): Bearing in mind that, in fewer than four years, China will produce more PhDs than the whole of the United States, clearly the idea that emerging markets are just about cheap and available labour is plainly wrong. Will the Leader of the House provide an opportunity for the House to hold a debate on encouraging more people to go into higher education, particularly in areas such as mine, which historically has suffered from low take-up—20 per cent. as against 35 per cent.? Will he support a campaign that is being launched on Wearside by the university and the *Sunderland Echo* to encourage more people to go into higher education so that we can unlock the potential on Wearside to compete in a changing and rapidly developing global economy?

Mr. Hoon: My hon. Friend is quite right to raise that important issue. In business questions today, we have already discussed the manufacturing industry. The challenge for the United Kingdom is to remain competitive in a global environment where we will face real challenges intellectually from countries such as China and India and other countries already engaged extensively in manufacturing. I strongly support the initiative that he mentioned. It is important not only for the north-east, but for the whole of the United Kingdom, that we ensure that more and more of our young people get the benefit of a higher education.

Bob Russell (Colchester) (LD): The Leader of the House will be aware that Sunday is St. George's day. Will there be an opportunity next week to have a debate on English pride and to take on the English prejudices that sometimes arise? Will there also be an opportunity for the Arts Council of England to explain its cultural cleansing of English folk dance and song, which has happened at the same time as it has found £5.5 million to invest in a gallery to promote contemporary Latin American art?

Mr. Hoon: I just about saw the connection between the hon. Gentleman's premise and his conclusion. He is absolutely right that those of us who are proud to be English—as well as being proud to be British and, indeed, European—should celebrate our national day: St. George's day. I am less confident about my knowledge of English folk music and folk dance, but I am sure that he is right in what he says.

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): I am not sure whether you are aware of this, Mr. Deputy Speaker, but today the Government have announced that they are to introduce dignity nurses in hospitals. Apparently, that is to prevent nurses from shouting at patients, failing to ensure that they are properly fed or clothed and allowing them to soil themselves. Are the Government making a statement on the standard of nursing in hospitals today by calling for that, and can we have a long-awaited debate on the NHS to decide whether that scheme is appropriate?

Mr. Hoon: I was not sure from the hon. Lady's remarks whether she was criticising the initiative. I hope that she was not because it seems right and proper that, in each hospital, an individual should be responsible for ensuring that proper standards are maintained. I am sure that, in most hospitals, in any event, the highest standards are maintained in relation to the treatment of the elderly, but I cannot see how there can be any possible objection to making sure that someone has responsibility in each hospital for ensuring the dignity of those who are being treated. I hope that she will join me in recognising that this cannot be, in any way, an initiative that should be criticised.

Ian Lucas (Wrexham) (Lab): Will my right hon. Friend consider an urgent debate on broadcasters' access to digital television channels? There is increasing concern that more and more digital television channels are being used for gambling. There have been press reports concerning the onset of ITV Play. It is very important that digital television is used for community benefit and that there is local digital television. Will the Government please consider that very closely?

Mr. Hoon: The digital television revolution certainly provides a tremendous opportunity for a range of services—national, international and, certainly, local—to be made available. We are witnessing a revolution in the way in which people will consume television services. I agree with my hon. Friend entirely that it is important

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that those services should be rich and diverse and should not narrowly concentrate on one particular aspect of activity. In case he is not aware of this, I should tell him that there are questions on Monday to the Secretary of State responsible for this issue and I am sure that he can raise the matter with her then.

Mr. William Cash (Stone) (Con): I ask the Leader of the House to recall that it is now four months since the end of the United Kingdom presidency of the European Union. Did he note that, a couple of days ago, the European Budget Commissioner stated that the figures that were given by the Prime Minister with regard to the budget deal were not accurate? The final spending for 2007 to 2013 will exceed £600 billion, which is £24 billion above the budget that the Prime Minister announced. That means that the taxpayers of this country will have to find an extra £2 billion. When will a Bill be brought in to implement the changes under the European finance arrangements, which have been so misleadingly presented to the House?

Mr. Hoon: I simply do not recognise the figures on which the hon. Gentleman is relying. By coincidence, earlier this week I attended a meeting that was organised under the auspices of the Austrian EU presidency. The Austrian Chancellor was at pains to congratulate the British Government on their stewardship of the EU during that period and, in particular, to emphasise the excellence of the budget deal for all countries. He wanted to impress on me how pleased he was at the way in which the British had conducted themselves during that time.

Mr. Lindsay Hoyle (Chorley) (Lab): I wonder whether my right hon. Friend will provide time for a debate on the proposed closure of respite care centres in Lancashire. That is of critical importance not just to parents, but to all members of the families, because things will fall back on the families if the care centres close. It would be absurd if the closures were to go ahead. May we have that debate?

Mr. Hoon: My hon. Friend is right to raise an important issue for those who are responsible for caring. Respite care centres provide a valuable service to the community and individuals. They allow relatives, in particular, to have a break from the onerous responsibilities of caring. He has raised the issue and I am sure that my right hon. Friend the Secretary of State will respond appropriately in due course.

Mr. John Hayes (South Holland and The Deepings) (Con): I wonder whether the Leader of the House will give the House the opportunity to consider the way in which the Government have broken their word on education. The whole House will remember that, in 1997, the Prime Minister made great play of saying that he was going to cut primary class sizes. Then and since, he has promised to tackle school truancy. I have received parliamentary answers recently showing that, in the past three years, the number of children in classes of over 30 in primary schools has doubled and school truancy has risen by 200,000. Have the Government changed their mind about those priorities or have they simply broken their promises?

Mr. Hoon: I know that the hon. Gentleman may not have read the Labour party's manifesto in 1997 with quite as much care as he should have done, but if he checks that manifesto, he will see that the commitment was not in relation to primary education generally; it was in relation to early years, and that promise was categorically carried out. In case he failed to notice this, I should just mention that the electorate voted for the Labour Government again in 2001 and in 2005. Rather than suggesting that somehow promises from 1997 were broken, the electorate have made a judgment about the record of success in education. Labour Members will take no lessons at all from Conservatives in relation to health or education. This country has seen a revolution in the provision of health and education since 1997—a revolution that is benefiting the great majority of our children and young people in education, and will go on doing so.

Keith Vaz (Leicester, East) (Lab): May I strongly support the call made earlier by the hon. Member for Somerton and Frome (Mr. Heath) for a debate on the liquidation of the Bank of Credit and Commerce International? The Leader of the House will know that that liquidation has gone on for the past 15 years and millions of pounds of creditors' money has been spent on accountants and lawyers. He will have noted the judgment of Mr. Justice Tomlinson. The state of affairs is thoroughly unsatisfactory and the Insolvency Service has done absolutely nothing to bring that liquidation to a conclusion. Please may we have an urgent debate on that very important issue?

Mr. Hoon: My hon. Friend has consistently pursued the matter over a long period of time. I am not going to trade details with him because I anticipate that he has probably forgotten more about the case than I will ever learn. He is right to raise this important matter. I am sure that the House can discuss and debate it, and if he applies for an Adjournment debate on it, I am absolutely confident that it will be seriously considered.

Mr. Henry Bellingham (North-West Norfolk) (Con): Does the Leader of the House recall an exchange that we had on 8 December? I asked him about the Honours (Prevention of Abuses) Act 1925, and he basically told me not to be a silly boy and not to waste his time. He went on to say that he did not know whether the Act was still in force, but assured me that all

"Government Ministers observe all relevant legislation at all times."—[*Official Report*, 8 December 2005; Vol. 440, c. 1008.]

Given that a senior Government official has now been arrested, does he stand by his original comments to me?

Mr. Hoon: I recall the exchange that we had on 8 December, but certainly do not recall using the expression that the hon. Gentleman described, even if it was appropriate. I repeat the position: the Government are at all times bound by relevant legislation, as, similarly, are Government officials. I am not going to

comment on the specific case, but the hon. Gentleman stretches the definition of Government official a little far by including in it the particular person in the case.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): My right hon. Friend will be aware that the introduction of the national minimum wage has enhanced the quality of life of many of our constituents, especially our young people. However, a loophole remains whereby unscrupulous employers can include in the national minimum wage gratuities and tips. Will my right hon. Friend raise the matter with the appropriate Minister so that the loophole is closed and the strength of feeling among Labour Members about consumers still being asked to subsidise unscrupulous employers is demonstrated?

Mr. Hoon: The issue has been raised with me before and I recognise its importance. It is vital that the integrity of our minimum wage legislation is respected and recognised, and I am sure that my right hon. Friend the Secretary of State will take up the matter in due course.

Jo Swinson (East Dunbartonshire) (LD): May we please have a debate on the television licence fee concessionary schemes? More than 70 Members have signed early-day motion 1782 on the TV licence fee scheme for domestic abuse refuges.

[That this House is deeply concerned that women who have fled to refuge centres due to domestic abuse are responsible for purchasing a television licence immediately should they have a television in their room; notes that many women in such a distressed and displaced position are particularly reliant upon television, especially to entertain their children; is aware that women are at the greatest risk of homicide when they have fled their abuser; further notes that violent men who stalk their ex-partners often pose as officials to gain access to properties when seeking the women; believes that women who have fled a violent partner should not feel threatened by an enforcement officer arriving unannounced at the refuge; further notes that the Government's own targets for local authorities is one refuge bed space per 10,000 population, totalling 6,000 across the UK; further notes that women often do not know how long they will need to stay in a refuge; expresses concern that funds from charities and organisations which run refuge centres are being diverted to pay for television licences for the rooms available to sheltered women; recognises that the hospitality sector already benefits from television licence concessions; further recognises that it is the Government's stated policy to assist the vulnerable in accessing television services; and therefore calls for women's refuge centres to be included in the same television licence fee scheme as hotels and guesthouses.]

Such refuges do not enjoy any fee concessions, although profit-making businesses such as hotels and guest houses do. Will the Leader of the House find time for us to debate the matter in light of the BBC charter review White Paper, which was published last month, so that Ministers can take account of the views of hon. Members when formulating legislation?

Mr. Hoon: I do not know whether right hon. and hon. Members have had the same experience as me, but nothing has caused more difficulty over the years than the variety of concessionary television licence schemes. The schemes were introduced for perfectly proper reasons and they were amended, which caused still further confusion. I realise that a proper system for concessions must be fair for different individuals and institutions, so I am sure that we will strive to achieve that.

Grant Shapps (Welwyn Hatfield) (Con): The Leader of the House might be aware that the Queen Elizabeth II hospital in my constituency has a £50 million financial deficit. It was announced just last week that it is laying off 500 staff and closing many of its departments, so it might surprise him, as it did me, to find out that one of my constituents sent it a cheque for £15 when he felt bad about missing an appointment with a consultant at the hospital, only to find it returned with a note saying that the hospital did not need the money. We are all in favour of health care being free at the point of use, but can the Leader of the House tell me how on earth we have got into this kind of mess with the health service?

Mr. Hoon: I was interested by the hon. Gentleman's last observation. If, finally, the entire Conservative party has been converted to supporting the national health service and does not want extensive privatisation, it is a welcome improvement to its position. May I emphasise a point that I have made repeatedly? Given the amounts that are made available from the taxpayer to the national health service, it is important that all NHS organisations maintain a balance between their expenditure and income. Given that only a handful are failing to achieve that, it is important that we continue to offer help and assistance to the hon. Gentleman's hospital and others that are not able to manage their finances effectively. Such help is available, and it will go on being available until we ensure that we are getting the best value for the taxpayer out of the enormous sums that are put into the health service.

Mr. Greg Hands (Hammersmith and Fulham) (Con): May I return to the cross-party calls for an early debate on job losses in the NHS? Three years ago, Ravenscourt Park hospital, which is in my constituency, was nationalised. At that time the chief executive of the Hammersmith Hospitals NHS Trust said to the press that staffing was growing all the time and that he was looking to recruit from all over the world, starting with Germany and going on from there. Three years later, the same chief executive announced 300 redundancies, so may we have an early opportunity to debate boom and bust in the NHS under Labour?

Mr. Hoon: The hon. Gentleman misses from his litany of complaint the quality and number of treatments undertaken by health service hospitals and bodies throughout the country. We want to see experienced health service professionals—nurses, doctors and consultants—delivering the service. We want them to deliver the service with overheads that are as low as can possibly be achieved. I would have thought that the hon. Gentleman would welcome the fact that the national health service is delivering the treatments and quality of care for which it is rightly famed. It is a success and a cause for congratulation that that is being done more efficiently and cost-effectively.

Mr. Jim Devine (Livingston) (Lab): Does my right hon. Friend agree that it would be the height of hypocrisy to shed crocodile tears for one's local health service if one is covered by a private medical insurance scheme? Would it not be a good idea if Conservative Members were to tell us whether they are covered when they ask questions on the subject?

Mr. Hoon: The Government's ambition is to continue to ensure that the national health service offers both choice and a quality of service that are comparable with anything available in private health care. That is a perfectly proper ambition for a Government who are concerned about the great majority of the people of this country.

Mr. Julian Brazier (Canterbury) (Con): May we have an early debate on raves? For the second time in less than 12 months, Denge wood in my constituency has had a rave involving many hundreds of people, which caused a huge amount of noise all night for local residents. A site of special scientific interest has been damaged due to rubbish, trees being torn up and even human excrement left there. How does that fit with the Government's respect agenda?

Mr. Hoon: It fits to the extent that there are proper procedures and arrangements for the licensing and conduct of such events. If they are not observed and recognised, it is important that the appropriate authorities, whether that is the local council or police service, take effective action, and we will support them in doing so.

Mrs. Iris Robinson (Strangford) (DUP): The Leader of the House will be aware that despite the availability of the morning-after pill to young teenage girls, numbers of pregnancies are rising, especially among the 13 to 14-year-old age group. Will he make available Government time to debate the impact that the Government's approach is having on young people in particular and society in general, and to allow hon. Members to discuss other ways of discouraging teenagers from becoming sexually active?

Mr. Hoon: The hon. Lady raises a vital issue about which the Government are seriously concerned. We must ensure that the appropriate education and services are available to advise young people. I strongly agree with her, and the Government take the matter seriously.

Mr. Philip Hollobone (Kettering) (Con): In north Northamptonshire, residents want to keep their own primary care trust. The Secretary of State for Health is due to announce changes to the configuration of PCTs next month. Before she makes her decision, will the Leader of the House make Government time available for a debate on PCT reconfiguration, and will he ensure that the Secretary of State makes an oral statement to the House, not a written one?

Mr. Hoon: I am confident that my right hon. Friend the Secretary of State will set out to the House in an appropriate way the results of her consideration of these important issues. I recognise the importance to local communities of having a responsive and accountable primary care trust, and, equally, I hope that the hon. Gentleman accepts the importance, which I have set out repeatedly today, of ensuring that the administrative overheads for those delivering front-line medical services are as light as possible. If there are ways in which we can reduce overheads and make the service more efficient, thus allowing more money to be spent on front-line medical care, we should all support them.

Mike Penning (Hemel Hempstead) (Con): The Leader of the House will know that in the past year I have raised the disastrous financial situation of the hospital trust on which Hemel Hempstead relies. Last week, it announced that all the acute units would close, including intensive care, the high-dependency unit, and the acute cardiac and stroke units. Children's paediatric services will not be available 24 hours a day. A total of 700 jobs will go, including those of doctors and nurses. Where has all the money gone? May we have an urgent statement?

Mr. Hoon: I will not be drawn into the particular case, but it is important that health service provision across the country should allow constituents of all right hon. and hon. Members to access services in the most cost-effective way possible. It is therefore the Government's ambition to ensure that we have a self-sustaining reform system with the highest possible investment of taxpayers' money. I am sure that the hon. Gentleman would support that.

Philip Davies (Shipley) (Con): Given that a Minister has finally cottoned on to the fact that the Government's actions have led to an increase in support for the British National party, may we have an urgent debate on political correctness in this country, as it has got completely out of hand and many people believe that they can no longer have their say on important issues, which has led them to vote for unwelcome parties such as the BNP? An urgent debate on the issue might stop people wanting to vote for those unpleasant parties.

Mr. Hoon: I have had the opportunity in recent weeks to participate in local government election campaigns up and down the country, but I have not detected the slightest sign that people are afraid to say something because of so-called political correctness. Our democracy is alive and well, and people are ever more inclined to call their local radio station or write to their local newspaper to make their views clear, even to Cabinet Ministers. I simply do not accept what the hon. Gentleman said.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Will the Foreign Secretary come to the House next week to make a statement on the political situation in Nepal? Members on both sides of the House will share my concern about the overnight news that a curfew has been imposed and that a shoot-on-sight policy is effectively in operation. Four people have been killed, and hundreds have been hurt. Our two countries have a great history. As a former member of the Brigade of Gurkhas, I have many friends in Nepal, and I received e-mails this morning telling of the horrors in that country. We therefore need a statement, because the Government have been quiet on the subject to date.

Mr. Hoon: I visited Nepal to see how Gurkhas are recruited, and excellent standards are maintained there. A great friendship exists as a result between the British Army and the British people and the people of Nepal. The situation is a matter of grave concern to the Government, and my right hon. Friend the Foreign Secretary is actively concerned to try to reduce tension and violence, which the Government will continue to monitor very closely.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): Given that the definition of the Greek word, "philanthropy", is "performing a charitable action"—it is not a trading arrangement for peerages—and given the growing number of signatures on the petition at Westminster.com, will the Leader of the House arrange for a Minister from the Department for Constitutional Affairs to make a an urgent statement to confirm or otherwise that there will be a moratorium on the awarding of new peerages until the issue of cash for peerages is resolved?

Mr. Hoon: My right hon. and noble Friend the Secretary of State for Constitutional Affairs recently answered a series of detailed questions before the Select Committee on Constitutional Affairs, so the House has had the opportunity to hear him speak about the present position. Hon. Members will be aware that a police investigation into the matters raised by the hon. Gentleman is under way, so in the circumstances it is not appropriate for me to comment further.

Public Protection

12.23 pm

The Secretary of State for the Home Department (Mr. Charles Clarke): With permission, Mr. Deputy Speaker, I should like to make a statement about further measures that the Government intend to take to protect the public from dangerous offenders.

In my statement on 28 February, following the publication of the report by the chief inspector of probation on the appalling murder of John Monckton, I made it clear that, although we have already made improvements to our system for public protection and will continue to do so, we have to do more to improve the way in which we identify and manage dangerous offenders who present a risk to the public. I announced that the Government would accept the main findings and the key recommendations of the chief inspector's report. Today, I have placed in the Library of the House a probation circular that requires chief officers to implement those recommendations and the 31 "practice" recommendations that were set out in the report. Arrangements will be made to audit implementation in July and again in October this year.

Action on those recommendations is not enough, so I propose to take new powers to enable dangerous and high-risk offenders to be better managed, as well as to strengthen the work of the Parole Board and the probation service. The Government need to provide the framework in which the probation service and other criminal justice agencies can do their job to the highest standards. We have already made changes to the sentencing regime to ensure that dangerous offenders who pose a continuing risk can be detained indefinitely if a court so determines. Those arrangements apply to all eligible offenders who commit offences after the new provisions came into force—that is, offences committed on or after 4 April 2005.

I have looked very carefully to see how we can increase safeguards in respect of offenders who committed their offences before that date. I considered whether it would be possible to make the more dangerous offenders subject to the new public protection sentences, notwithstanding the date of their offence. I concluded that it would not, as it would violate the principle of retrospective legislation, and the House would be likely to find that unacceptable. However, I consider that three further steps are necessary. First, I have decided to ensure that offenders who have been sentenced to imprisonment for offences committed before 4 April 2005 are on licence from the moment that they are released from custody until the very end of their sentence, rather than to the three-quarters point of their sentence as now. That means that offenders who give cause for concern at any time during the currency of their sentence can be recalled to prison.

I will introduce that change by means of an order under the Criminal Justice Act 1991, which will be laid before the House and the other place as soon as possible. The aim is to focus active supervision on those dangerous offenders who pose the most risk of harm and who will be actively and intensively supervised until the end of their sentence. That step is not enough in itself. There are some offenders who do not cease to be a risk to the public just because their licence has come to an end.

[Mr. Charles Clarke]

Secondly, therefore, we must be able to deal with such offenders. There is a strong case for introducing a violent offender order along the same lines that have proved effective in the case of sex offenders. Such an order would enable the court to make specific prohibitions on offenders who have been convicted of offences of violence, breach of which would be a criminal offence subject to up to five years in prison. I will publish proposals in that area before summer.

Thirdly, I acknowledge that many dangerous offenders suffer from mental disorder. The plans that we recently announced to amend mental health legislation will help to ensure that mentally disordered offenders receive the treatment that they need and that the risk that they pose to the public is minimised. I am confident that those proposals, together with the reforms that I set out in my five-year strategy for protecting the public and reducing re-offending—in particular, the introduction of a single named offender manager for all offenders, coupled with my proposals to drive up performance by introducing alternative providers of services and challenging the probation service to demonstrate that it can and does meet the highest standards—will help to improve the way in which dangerous offenders are managed. Of course, no risk can ever be eliminated, but we need to do much better in minimising risks.

Accurate assessment of risk must lie at the heart of our public protection arrangements. It is essential that staff are clear about their responsibilities and are properly trained. With immediate effect, all chief officers of probation will have a specific objective to improve the quality of risk-of-harm assessments in their area, and they will be required to provide regular reports. In addition, almost all probation middle managers throughout the country—there are about 1,400—have undergone a rigorous training programme to improve the quality of risk-of-harm assessments and the way in which they manage such cases. In June, we will introduce a new training tool further to improve the way in which staff assess and manage risk.

Still more needs to be done to improve the risk assessment process itself, so I have commissioned the National Offender Management Service risk of harm improvement board to undertake an urgent exercise, with independent input as necessary, to achieve that. I have issued guidance to both prisons and probation staff to highlight the need to avoid over emphasis on good behaviour in prison and to make progress in addressing dynamic risk factors when assessing risk prior to release. The Parole Board—an independent body charged with the task of deciding whether offenders are safe to be released—has a crucial role to play in assessing risk. New minimum standards for the reports prepared for the Parole Board have been introduced and new monitoring arrangements came into force at the beginning of the month. Urgent work is in hand to ensure that the board has available to it all the relevant information that it needs to ensure that its decisions are well founded.

In addition to these measures, the chairman of the Parole Board has also informed me of his plans to appoint senior and well respected independent figures to the panel that reviews cases involving serious further offences, to ensure that lessons are properly identified and learned. I welcome this move, too.

More generally, it is the role of all agencies within the criminal justice system to prioritise public protection through partnership working, which is why Her Majesty's inspectors of probation, prisons and constabulary are conducting a joint thematic inspection of the effectiveness of public protection arrangements. I will report back to the House on any further recommendations that stem from this report when it is published this summer.

Taken together, I believe these measures represent an important step forward in protecting the public. Implementation of the improvement package will be overseen by my noble Friend the Minister of State for Criminal Justice and Offender Management. I commend the proposals to the House.

David Davis (Haltemprice and Howden) (Con): I thank the Home Secretary for early sight of his statement. Much of what he said is welcome and constructive. However, it is the first duty of the Government to protect the public, and clearly they and their actions have not protected the public on too many occasions in recent times. Failure of Government policy has been a contributing factor in the tragic deaths of Marian Bates, John Monckton, Robert Symons and Mary-Ann Leneghan, among others—all murdered by criminals on early release, parole or probation.

It is no surprise that the Government are announcing the order this week, just before the killers of Mary-Ann Leneghan are sentenced and a report on the murder of Naomi Bryant, which is expected to be extremely damning, is published. This is the latest in a series of tough-sounding measures that the Home Secretary has announced this week, which are designed to catch the headlines and pre-empt the reports of the Government's failure.

The problem that the Home Secretary's new order seeks to address is largely of the Government's own making. It has been the Government's policy to release dangerous offenders into the community on early release. The *Daily Mail* reports the chief inspector of probation as saying that there are 15,000 offenders on probation who are assessed as representing a high or a very high risk of causing harm to others.

It was the Government who cut the Parole Board's budget for face-to-face interviews by 90 per cent. two years ago. Yusuf Bouhaddaou, who murdered Robert Symons just five weeks after being released from prison, was released with no face-to-face interview. Instead, he had just a 25-minute telephone conversation with the probation service.

It was the Government who introduced OASYS, the offender assessment system that the National Association of Probation Officers has described as "poorly designed", with its prime purpose being to

"produce data for the Home Office, rather than analysing the behaviour of offenders".

If we look at each of the appalling murders committed by offenders on probation, early release and parole—Mary-Ann Leneghan, John Monckton, Marian Bates, Robert Symons and others—one point is clear: if the offenders had been in prison, those crimes would not have been committed.

So what are the Government proposing to address their own failures? Although, astonishingly, the Home Secretary did not mention it in his statement,

pre-briefing by the Home Office stated that they would increase the number of face-to-face interviews prior to release to 30 per cent. Is that true? Even if it is, an astonishing 70 per cent. of prisoners will still not have a face-to-face interview before release. What extra resources is the Home Secretary providing to the probation service, which we are told is already overstretched? Will he increase the interview budget, which was cut by 90 per cent. two years ago?

The Home Secretary says he wants to impose restrictions on violent offenders and, presumably, ban them from approaching certain people or places, but prisoners released under the home detention curfew scheme have committed over 7,000 further offences already. In 2004–05 alone, 224 offenders on probation were convicted of further serious offences, including 26 murders—I repeat, 26 murders. A criminal who is willing to murder or to commit armed robbery or burglary will not be put off by some sort of super-ASBO. If 42 per cent. of antisocial behaviour orders are ignored by young tearaways, how effective will the so-called super-ASBOs be against psychopathic hardened criminals? If the Government cannot make the sex offenders register work properly, how safe should the public feel after this latest headline-grabbing initiative?

The Government's proposals fail to address the real problems in the probation service, which is in desperate need of effective leadership and management from the Government. What does the Home Secretary have to say to Harry Fletcher of the National Association of Probation Officers, who says that the probation service is already poorly resourced and massively overstretched? *[Interruption.]* The Home Secretary laughs. Damien Hanson, who murdered John Monckton, was assessed as being 91 per cent. likely to reoffend, yet he was released halfway through a 12-year sentence for attempted murder. The Home Secretary's proposal fails to address the underlying problems in the probation service that allowed that to happen. Is he proposing any further legislation with respect to the National Offender Management Service, which remains only half reformed?

The Government have failed to address the problem of prison overcrowding, which means that prisoners are not getting the rehabilitation that they require. How do the Government intend to solve that problem? Let us be clear. The latest spate of murders is just the latest symptom of a major failure in the criminal justice system—a failure by the Government of policy, strategy, leadership and management. The measures smack of a policy designed primarily to relieve the pressure on overcrowded prisons, rather than protecting the public. With 15,000 dangerous offenders back on our streets, let us hope it does not result in yet more victims of crime and yet more families devastated by murder.

Mr. Clarke: The right hon. Gentleman started well by saying that he welcomed the proposal and wished to be constructive about it. His allegations are demeaning and misleading. Let us go through the points in detail.

The right hon. Gentleman's first allegation was that the announcement was some sort of initiative to catch the headlines, rather than a substantive measure to address the issue. As I said in my statement and as he should have had the grace to acknowledge, immediately upon the announcement of the verdict in the Monckton case, which had the appalling results that he described in the case of Hanson, I asked the chief inspector of probation to go through in detail what was done wrong in relation to that case and how to put it right. I published that report extremely rapidly, and I announced today that we are carrying through in specified ways measures to stop what the right hon. Gentleman correctly defines as a terrible, appalling case, the Hanson case, happening again.

Secondly, at the time that I announced the outcome of the Bridges report, I said that despite its recommendations, which were important and would be implemented, it necessarily fell short in certain important respects, and I would return to the House, as I am doing today, to say what further steps we would take. To suggest that this is some kind of spun response is demeaning and unworthy of the right hon. Gentleman.

There are three core issues. In each area we have made major improvements since the time of the Government with whom the right hon. Gentleman served and held office. First, with regard to the sentencing regimes, the Criminal Justice Act 2003 established the means, which did not exist under the Government of whom he was a member, of controlling people sentenced under that regime who are dangerous to society, and at any point recalling to prison people who are dangerous to the public. That does not solve problems arising from sentences before 2003, but it is a major advance, which will make a difference. Today we are announcing further measures to deal with people sentenced before that time.

Secondly, on the risk assessment regime, it is critical that professionals can assess the risks associated with individuals who commit appalling crimes, but the right hon. Gentleman is quite wrong in his demeaning remarks about OASYS and the multi-agency public protection arrangements. It is an internationally recognised system, which is being introduced in a way that was never considered by his Government. It is improving the system and will improve it further, to deal with the issues properly. That is what we are doing and what he never did.

Thirdly, once the assessment has been carried out, the question arises how we properly manage people thought to be a risk in those circumstances. Once again, we are introducing major changes to do that, including focusing the professional resource of probation staff on those who are most dangerous, which is why we will publish further legislation on the contestability agenda as I described. My comment to Harry Fletcher and the National Association of Probation Officers, whom the right hon. Gentleman entertainingly chucks into the discussion, is that resources are important and that we have put more resources in—much more than under his Government—but change and reform to the way we run our probation system are also important. We make the changes to protect the public better. That is what we are committed to do.

Martin Salter (Reading, West) (Lab): Given that four of the six individuals convicted of the horrific murder of Mary-Ann Leneghan in my constituency were under the supervision of the probation service, the Home Secretary's announcement is welcome. However, none of those young men had been subject to early release, and I deplore the attempt by the shadow Home

[Martin Salter]

Secretary to make political capital out of a horrible episode. Only one of those individuals, Adrian Thomas, had convictions for serious and violent offences. Incredibly, that man, who kidnapped and tortured a 13-year-old boy before murdering Mary-Ann Leneghan, received only a community rehabilitation order in 2004. Will the Home Secretary accept that the courts should take a long, hard look at the sentences that they hand out to dangerous individuals, because those sentences are currently far too soft?

Mr. Clarke: I agree with my hon. Friend's final point and pay tribute to the way in which he has taken up that appalling case in his constituency. I have listened carefully to his comments, which are based on what he has learned from the community that he represents. We need better sentencing regimes, which we have established, and we need the courts to carry them through. We also need proper risk assessments, and we are putting them in place. Earlier, I decided not to respond to the shadow Home Secretary's gratuitous remarks about the early release scheme, and I am glad that my hon. Friend has pointed out that to confuse those issues, which are real, with the issues at stake in the Mary-Ann Leneghan case is dishonourable and discreditable.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I too thank the Home Secretary for his courtesy in providing an advance copy of the statement. There is no easy solution to the problems that we face, and Liberal Democrat Members will support any constructive or workable proposals to improve public safety against the actions of dangerous offenders. The Home Secretary will remember that we supported the Government in 2003, when they sought to create a new indefinite sentence for the most dangerous individuals, and I agree with his acknowledgment today that the new powers cannot be used retrospectively.

I broadly welcome the package of alternative measures outlined in the Home Secretary's statement. The proposal to extend post-custody supervision for those sentenced before April 2005 is particularly welcome, as are all attempts to improve the assessment of risk. According to Andrew Bridges, the chief inspector of probation, only 20 per cent. of offenders who go on to commit serious offences while on parole were assessed as being high risk.

The statement leaves two questions unanswered. First, is the new system of early release really providing the maximum protection for the public? In the debates in this House during the passage of the Criminal Justice Act 2003, the rules on early release were changed in the teeth of opposition from both Liberal Democrat and Conservative Members. Before the implementation of the 2003 Act, the Parole Board had discretion whether to release long-term prisoners at the 50 per cent. point of their sentence and, if there was a reasonable concern about public safety, release could be delayed until the two-thirds point. The 2003 Act removed that discretion from the Parole Board. In view of the cases that have been cited today, will the Home Secretary agree to review that change?

Secondly, how much will the increase in supervision cost, and how many additional probation officers will be needed? A key problem faced by probation staff and by those involved in multi-agency public protection arrangements is how to apportion scarce resources, which is compounded in turn by a desperately overcrowded prison system in which staff often do not have time to assess individuals properly. What will the Home Secretary do to tackle the severe underlying problems of an overcrowded prison system and an overloaded probation service?

We will, of course, respond constructively and in detail to the Home Secretary's proposals on violent offender orders later in the summer. Will the Home Secretary assure the House that before that step is taken there will be a proper evaluation of the success of sexual offences prevention orders, which would appear to be the model that the Home Secretary has in mind?

Mr. Clarke: I thank the hon. Gentleman for his broad welcome for our proposals. I appreciate his constructive approach, and I shall deal with his points in the order in which he raised them.

I have said that I will publish proposals on the violent offender order before the summer because I want precisely to evaluate the way in which the sex offender regime has worked and to examine any good points. I assure the hon. Gentleman that a proper evaluation will take place.

The hon. Gentleman is right to say that early release should be reviewed in the context of the proposals, and I am discussing the issue with the Parole Board and others. He will recall that the system that we have established was an attempt to focus on the greatest danger to the community, which is our precise ambition for the five-year strategy and the contestability agenda. This may be asking too much, but perhaps he will consider constructively our proposals in that area, which are designed to ensure that the professionalism of the probation service is focused on the areas in which it can be most accurately applied.

On costs and prison overcrowding, which are extremely serious issues, more resources are needed for training and support on the difficult decisions that highly professional staff have to take—in general, staff make those decisions very successfully. Within the probation and prison system, which needs to be well led and managed, we need to focus existing resources on the most challenging cases, which will require some of the changes that I have described. A range of different measures is needed to address those questions rather than simply more resources.

Chris Bryant (Rhondda) (Lab): I welcome the Home Secretary's announcements today and hope that they will lead to greater protection for the public, not least because it must surely be wrong that the system has put the public at unnecessary risk in a series of individual cases.

As for psychiatric provision, most psychiatrists would say that paranoid schizophrenia, which leads to much of the violent psychotic behaviour that we are discussing, has no known effective and reliable treatment. Can one imprison somebody for a crime that they might possibly commit? Can we make a realistic judgment whether

someone is mad or bad, and how can we reliably introduce such judgments into the criminal justice system?

Mr. Clarke: The answer is that such judgments are very difficult, but existing mental health legislation allows us to make them in some cases. My right hon. Friend the Secretary of State for Health will introduce carefully prepared legislation on that matter later this year, and I hope that it will provide the protection mentioned by my hon. Friend. The 2003 Act contains a power to detain indefinitely people who are a danger to the public, which also relates to his point. The core point is that we must acknowledge the difficulty of identifying the people who really pose a risk. We should not imply that that task is easy or routine, because it is exceptionally difficult and demands professionalism from those involved. We must encourage and support that professionalism and learn how better to conduct the task.

Mr. Rob Wilson (Reading, East) (Con): As the hon. Member for Reading, West (Martin Salter) has said, four of the six men who brutalised, tortured and murdered my constituent, Mary-Ann Leneghan, were under the supervision of the criminal justice system, which ultimately betrayed her. The Home Secretary is proposing "to take new powers to enable dangerous and high-risk offenders to be better managed, as well as to strengthen the work of the Parole Board and the probation service". I welcome the moves to strengthen the Parole Board and the probation service, but my constituents want to know whether dangerous criminals will be locked up, which would be a fitting epitaph for Mary-Ann Leneghan and reassure her family.

Mr. Clarke: The short answer to that question is yes. However, I am glad that the hon. Gentleman has acknowledged that a number of measures are required. We must ensure that the current procedures are carried out properly. As the right hon. Member for Haltemprice and Howden (David Davis) rightly said about the Monckton murder, there is clear evidence in that case and, I think, the Mary-Ann Leneghan case that the procedures that should have been followed properly were not followed properly, which led to tragic consequences. That state of affairs is scandalous, and it is being addressed by the measures that I have set out. Above and beyond that, there is the question whether the procedures and approaches are appropriate in such cases and whether we need to change and improve performance—I believe that we do, which is why I have made my statement today. Finally, there is the question of how to deal with people whom we deem to be dangerous. The 2003 Act allows us to take the action that the hon. Gentleman has mentioned, and the measures that I have set out today will strengthen our capacity in that area.

Ian Lucas (Wrexham) (Lab): I welcome my right hon. Friend's statement and note that it will require still closer working relationships between prisons and the probation service in the community. I know from my recent discussions and meetings with the north Wales probation service that there is great concern locally that the proposal for an all-Wales probation service does not take sufficient account of the fact that there are no prisons in north Wales and that services from the north-west will not be as closely integrated as they are at present. Will my right hon. Friend consider those concerns carefully and ensure that they are properly addressed in future?

Mr. Clarke: I can certainly give my hon. Friend the assurance that I will consider the question carefully. I go beyond that to say that he is right that the continuity of approach between prisons and probation in an end-to-end offender management system is absolutely essential and that that requires the person-institution relationship to be very close. He has made the case in this House and elsewhere, as have others, regarding concerns about the reorganisation of police and probation on to an all-Wales basis. I assure him that the concerns that he expressed can be properly dealt with in terms of the necessary change that we are making.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The Home Secretary's concept of a violent offender order may well have merit—we will look at the detail when the legislation is published—but may I make a wider point? Persons like myself who practise in the criminal courts, often deal with violent offenders, and have to consider whether they have a propensity to commit future violence, know that one of the problems is that they are often unemployable because they are addicted to drink or drugs or lack employment potential by reason of poor education or lack of relevant skills. Does the right hon. Gentleman agree that the Prison Service must place yet greater weight on tackling addiction of various kinds and on providing education and employment skills, and that his violent offender orders should be shaped in such a way as to enable that to continue after release from prison?

Mr. Clarke: I find myself in the utterly extraordinary position of agreeing with absolutely every word that the right hon. and learned Gentleman says. He is right to say that dealing with addiction and rehabilitation—particularly as regards drugs but also in other areas—is critically important; that is why such provision has been dramatically expanded. He is also right to make the link to employment. About three months ago, my right hon. Friends the Secretaries of State for Education and Skills and for Work and Pensions and I jointly published proposals to develop the relationship between employment and people in the criminal justice system. I am simply delighted to agree with every word that the right hon. and learned Gentleman says.

Julie Morgan (Cardiff, North) (Lab): I welcome my right hon. Friend's statement and his efforts to protect the public in this very difficult area. I particularly welcome the creation of the violent offender order and his comments about mental health. I am sure that he will accept, as we all do, that risk cannot ever be completely eliminated and that it would be unrealistic to think so. These proposals will make much more specific demands on the probation service and probably require more resources for it to carry them out. Will he comment on that?

Mr. Clarke: I am grateful for my hon. Friend's support. She is of course right to say that risk can never

[Mr. Clarke]

be completely eliminated. It is important to say that, because some people seem to believe that it is ultimately possible to do so. It is necessary to minimise risk, however, and that is what our proposals do by putting in not only resources, but advocating change and reform to the way that we do this work.

Mr. Andrew Mackay (Bracknell) (Con): Can the Home Secretary now answer the important question asked by my right hon. Friend the Member for Haltemprice and Howden (David Davis)—why is it that in 90 per cent. of cases, potentially dangerous criminals who are leaving prison do not have a one-to-one, face-to-face interview, and when will that change?

Mr. Clarke: I do not think that the figure is as high as 90 per cent., but I am glad that the right hon. Gentleman has given me the chance to answer the question. There are two issues: first, face-to-face interviews with probation officers as people leave prison; and secondly, face-to-face interviews by the Parole Board as it makes its decisions about what to do. It is our policy to ensure face-to-face interviews with probation officers for all people coming up for parole. That does not always happen, as the right hon. Gentleman says, but our policy is to reach 100 per cent.

As for the Parole Board panel's assessment of particular individuals, there has been some controversy over the past two or three years about the extent to which face-to-face interviews should take place. Some of that is based on professional grounds as to whether it is the best way of dealing with the case, and some of it is based on resources grounds. I discussed this some weeks ago with Sir Duncan Nichol, the chairman of the Parole Board. I said that I want to be clear about the professional basis, and then whatever resources are necessary will be made available to the Parole Board to do what needs to be done.

On the first point—interviews with probation staff as people leave prison—the right hon. Gentleman is entirely correct. We are taking the 100 per cent. route, but there is a journey to travel, although it is not as far as he says. Parole Board interviews are a matter of professional judgment about the right way to make those assessments, with face-to-face interviews being part of that process.

Dr. Vincent Cable (Twickenham) (LD): I accept the Home Secretary's basic point that reform and resources need to go together, but cannot he give even a ballpark estimate of the additional resources that will be available to the probation service to deal with the additional tasks required of it, particularly given that the Chancellor's projections and priorities suggest that there will be a real-terms cut in future Home Office spending?

Mr. Clarke: I am surprised by the hon. Gentleman's last remark, because it is not true. The Chancellor made it clear in his Budget statement that during the next comprehensive spending review, the Home Office budget would maintain a zero real-terms position. That was a good settlement that reflects the needs of public expenditure as opposed to the existing service. The hon. Gentleman is wrong to say that it is a real-terms cut. We have not yet taken final decisions on the allocation of resources within that Home Office envelope, but the resource demands that we are discussing will be part of that. It is important for the probation service to concentrate at the moment on deciding where it should best focus its professional resources in carrying out those responsibilities. That discussion needs to go side by side with the overall discussion on resources.

Mr. Gregory Campbell (East Londonderry) (DUP): I associate my colleagues and myself with the Home Secretary's statement and give our support in principle, although we await the detail.

Last week in the High Court in Northern Ireland, a person was convicted of the murder of Attracta Harron, a senior citizen. That person had previously been convicted of a very serious sexual assault. The conviction was accompanied by a sentence that was widely regarded as being lenient. It was appealed and increased after the person was released upon serving the original sentence. Four months later, the body of Attracta Harron was found, and he was subsequently convicted of her murder. The police said after last week's court case that that man was the most closely monitored released prisoner in Northern Ireland. What will the new provisions do to protect the wider public from convicted murderers such as the person who murdered Attracta Harron?

Mr. Clarke: First, I am grateful for the hon. Gentleman's support in principle. Secondly, I am not going to comment on specific cases, but I know that the Minister of State, Northern Ireland Office, my hon. Friend the Member for Delyn (Mr. Hanson), and his Department are looking carefully at the case that he mentions, taking account of the opinions that he expressed about it in the context of my statement and with a view to seeing how they interrelate in the best way. Thirdly, we would be happy to work with the hon. Gentleman's party on these matters to see how we can establish the best regime that will deal with these matters consistently.

Tony Baldry (Banbury) (Con): This week, a person was convicted of murdering two patients in Banbury and causing grievous harm to several others. That reinforces the Secretary of State's point that many dangerous offenders have mental health needs. There is obviously an overlap, with many such people going into prison for long stretches of time. Can he assure the House that before violent offenders are released on licence or parole, they will be assessed for their mental health needs, that it will be a condition that they co-operate with any appropriate mental health treatment, and that if they do not, that will be classed as a breach of parole? The danger is that such individuals are looked after by the parole system but are lost to the mental health system when they leave prison. At that point, there needs to be a handover from the Prison Service to the mental health service. I hope that I have made that clear to the Secretary of State.

Mr. Clarke: In principle, the hon. Gentleman is correct. However, the practicality is a matter of concern, which the Secretary of State for Health, other colleagues

and I are discussing carefully to ascertain how we can improve matters. The relationship has not always been as smooth as it needs to be, as the hon. Gentleman said. We are considering how we can deal with such issues more profoundly in the context of our departmental work, the new proposed legislation that the Department of Health will introduce and the comprehensive spending review. That is one of the reasons why simple statements about the prison population are not necessarily especially helpful. A large proportion of the prison population has mental health needs, and the Secretary of State for Health and I agree that there is a good argument for perhaps dealing with that in better ways, if we could find such ways and have a proper assessment regime. The hon. Gentleman is therefore right in principle, but, in saying that, I do not want to imply that there is not much difficulty in practice.

David T.C. Davies (Monmouth) (Con): Does the Home Secretary agree that it would be far more effective to fire the head of the probation service, who has failed us, build more prisons and end the disgraceful practice of releasing people halfway through their sentences, thus enabling them to embark on a trail of rape, robbery, mugging and murder? When will he stop all forms of early release and make our streets safer?

Mr. Clarke: I do not agree with that assessment.

Philip Davies (Shipley) (Con): The Home Secretary's statement is too little, too late. Since home detention curfews were introduced, 7,000 crimes have been committed by people who are out on a tag, and more than 1,500 people released on parole have committed further crimes since 1997. Does not the Home Secretary understand that those crimes would not have occurred if those people were in prison? They include a convicted murderer who was let out into my constituency and recently convicted again of abducting and raping a young boy. Surely the time has come for prisoners to serve their sentences in full.

Mr. Clarke: As I said earlier, the statement is not about home detention curfew arrangements, though I note that the Opposition supported those proposals when the House first considered them. However, the statement is about protecting the population from dangerous offenders. I believe that we are strengthening that protection, and we shall continue to do so.

Mr. David Burrowes (Enfield, Southgate) (Con): Would not the public feel properly protected if they knew that offenders released from prison were not still addicted to drugs? What steps will be taken to eradicate access to drugs in prison?

Mr. Clarke: The short answer is yes, they would. That is why we have the most substantial programme of drug rehabilitation in our history. It includes a massive expansion of treatment to an extent that was not thought of under the Conservative Government, and a regime of requirement by law, which we have changed, for people to have drug rehabilitation treatment. We are not there yet, but we are making progress, and I am grateful for the hon. Gentleman's support in implementing that policy even more strongly.

Sammy Wilson (East Antrim) (DUP): I join my hon. Friend the Member for East Londonderry (Mr. Campbell) in welcoming the statement, which many will interpret as an admission by the Secretary of State of the failure of the sentencing, remission and parole polices that have been followed to date. However, I welcome the fact that there is now some action or at least the promise of it. He gave an assurance that the measures would apply to Northern Ireland. In the light of the outcry in the Attracta Harron case, how will the measures be resourced? Proper monitoring will require additional resources.

Mr. Clarke: I am grateful for that general support, if that was what it was. I repeat the comments that I made to the hon. Member for East Londonderry (Mr. Campbell): I am keen to work with hon. Members on the matter, in conjunction with my Northern Ireland colleagues. We need a regime that is as consistent as possible and we shall discuss that constructively.

BILL PRESENTED

Northern Ireland

Mr. Secretary Hain, supported by the Prime Minister, Mr. Secretary Prescott, Mr. Chancellor of the Exchequer, Mr. Secretary Clarke and Mr. David Hanson, presented a Bill to make provision for preparations for the restoration of devolved government in Northern Ireland and for the selection of persons to be Ministers on such restoration; to make provision as to the consequences of selecting or not selecting such persons; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Monday 24 April, and to be printed. Explanatory notes to be printed [Bill 169].

Orders of the Day

Northern Ireland (Miscellaneous Provisions) Bill

(Clauses 1 to 7, 10 to 12, 19 to 22 and Schedule 2, and any new clauses and schedules other than those relating to Parts 2 or 4)

Considered in Committee [*Progress, 19 April*].

[SIR ALAN HASELHURST *in the Chair*]

Clause 19

DEPARTMENT WITH POLICING AND JUSTICE FUNCTIONS

1.4 pm

Lady Hermon (North Down) (UUP): I beg to move amendment No. 30, in page 13, line 41, leave out 'and justice'.

It is a delight to be back in the Chamber to discuss the Bill, and I am sure that the Minister shares those sentiments. He had a lively and enjoyable time yesterday, so I am sure he was impatient to get today's business under way.

Clause 19 is the central feature of the Bill and proposes the devolution of policing and justice to Northern Ireland. It was the measure's original core, around which all the other miscellaneous elements have been wrapped to give the clause some cover and the Bill some substance.

As drafted, the clause is curious because it provides that

"if an Act of the Assembly . . . establishes a new Northern Ireland department; and . . . the purpose of the Department is to exercise functions consisting wholly or mainly of devolved policing and justice functions",

there will be two options. If the Assembly decides that policing and justice is to be devolved to it, the clause proposes that either two Ministers "acting jointly" should look after only one Department or that one Minister with a junior Minister should do it and rotate every six months.

I would dearly appreciate an explanation from the Minister of how we have reached the presumption that there will be only one Department.

The Minister of State, Northern Ireland Office (Mr. David Hanson): The Northern Ireland Act 1998 provides for several models. The clause proposes two additional models, but a range of options already exists. We are not trying to restrict options for the Assembly to determine.

Lady Hermon: The Minister must clarify exactly what he means by that intervention. Does he mean that there is a range of options for Ministers to act jointly or every six months? The reason for the amendment is that I would like the Minister to articulate why policing and justice should be devolved to one Department.

Mr. Hanson: The 1998 Act already allows for separate Departments, if the Assembly chooses that option. The Bill provides for two additional models, which the 1998 Act does not cover.

Lady Hermon: The amendment aims to discover what is in the minds of those in the Northern Ireland Office, if that is possible—it varies from month to month and sometimes from one week to the next. We have separate Departments for England and Wales—the Department for Constitutional Affairs, which covers justice issues, and the Home Office. We have just heard a statement from the Home Secretary. Is one of those separate Departments the Northern Ireland Office's preference, or is it completely neutral about the matter? The Minister indicates that he is entirely neutral. That is a happy outcome. Given that there are two separate Departments in England and Wales and Ministers are not required to act jointly or swap places every six months, it is a little odd that that could happen in Northern Ireland.

Mr. Hanson: It might help the hon. Lady to know that we are entirely neutral on which form of devolution—should it exist—the Northern Ireland Assembly should introduce. The Bill provides two models that at present are not available to the Assembly, but we are neutral; it is for the Assembly to determine how it proceeds.

Lady Hermon: I am exceedingly grateful to the Minister for that helpful intervention.

As that matter seems to be resolved, let us think about the long term. If policing functions were devolved to a Department—or two Departments, if the Assembly so chose—what would be the implications for the Policing Board? The board was the creation of the Patten committee and its report, and in the absence of an Assembly with devolved policing functions it was given political accountability by Members of the Legislative Assembly serving on it. However, in a new scenario in which policing is devolved to the Assembly—I hope that we shall see that one day—I presume that there will be a committee of Assembly Members to scrutinise policing. The Minister—or perhaps the two Ministers—will therefore be accountable to, and have their actions scrutinised by, that committee. What long-term impact would that have on the Policing Board and its composition? I would appreciate an answer from the Minister, who seems to have addressed the other issues. Will it be up to the Assembly to establish whether one or two Departments are involved? Will policing and justice powers be devolved at the same time, or will one be devolved ahead of the other?

Mr. Hanson: I hope that my earlier comments about the amendment satisfied the hon. Lady. The Government's purpose is to ensure that when the Assembly judges the time to be right to seek the devolution of policing and justice powers it can implement whichever model it concludes is appropriate. The amendment would have run counter to that purpose, because it would have restricted the number of options available to the Assembly rather than enhancing it. The Government believe that the Assembly should choose whether it has two Departments, how it runs them and how accountability to the Assembly is determined.

The hon. Lady made an important point about the Policing Board. She will note that paragraph 4.5 of the discussion paper, "Devolving Policing and Justice in Northern Ireland", which we published earlier this year, stresses the importance of considering the political oversight of policing and whether any Assembly

committee performs that role. That will need to be considered in the light of the Assembly's wishes. The Patten recommendations set out key roles for the Policing Board, on which a number of MLAs are represented. The document states:

"Providing clear lines of accountability will be important to ensuring the system works well."

It will be up to the Assembly to consider those matters.

Mr. Peter Robinson (Belfast, East) (DUP): Under the options that the Minister has provided, if the Assembly were to decide to devolve policing and justice matters to one Department, would that Department have to be part of the overall bidding under d'Hondt, or could it be dealt with separately?

Mr. Hanson: I would imagine that it would be as normal under d'Hondt, but I will check on that.

Mark Durkan (Foyle) (SDLP): I think that the answer to the question put by the hon. Member for Belfast, East (Mr. Robinson) lies in some of the clauses and schedules that we are about to deal with. Will the Minister acknowledge that the Patten report—which, as he rightly said, established the Policing Board—dealt with the devolution of justice and policing powers, and stated that steps would have to be taken to protect the integrity of such structures as the Policing Board, to ensure that devolution did not have adverse implications for its role?

Mr. Hanson: I am grateful to my hon. Friend for that intervention. In principle, devolution will be undertaken when the Assembly wants it, when the Government agree to it and when the House of Commons votes for it. The Assembly has the freedom to consider whatever model it wishes, and the Bill will add models to those set out in the 1998 Act for the Assembly's consideration. The position of the Policing Board needs to be examined, and the future of any Assembly committee overseeing policing will need to be considered in the light of the important role played by the board.

I can confirm that d'Hondt will be the method used for the single Minister option, if that is chosen. I hope that that answers the question put by the hon. Member for Belfast, East (Mr. Robinson).

Lady Hermon: I am most grateful to the Minister for his response. I am greatly encouraged by his closing remarks, in which he said that clause 19 gave "freedom" to the Assembly to decide which model it wants to use, whether to have one or two Departments, and which provisions of policing and justice ought to be devolved to it.

In the light of the point made by the hon. Member for Foyle (Mark Durkan), and the Minister's response to it, I would like the Minister to reflect again on the impact of these measures on the Policing Board. If there were a scrutiny committee in the Assembly to look after policing, on which MLAs would serve, as well as the Policing Board, on which other MLAs serve, there could be rivalry and claims of superiority between the two. That is a really serious issue.

Stephen Pound (Ealing, North) (Lab): I am extremely grateful to the hon. Lady for giving way. I was perturbed to see her name misspelled in yesterday's *Hansard*. I can assure her that none of us in the House is in any doubt about who she is, despite the fact that somebody cannot spell.

The hon. Lady seems to be raising two separate points in regard to her amendment. On the first substantive point, does she not agree that the joint declaration of 2003 did in fact provide for these alternative models? Is it not a good thing to give freedom to the very people who should be organising the affairs of the people of Northern Ireland, so that they may be allowed to do so?

1.15 pm

Lady Hermon: I am most grateful to the hon. Gentleman for that useful intervention, and I am delighted that he has put on record the fact that the misspelling of my name worried him so much that it caused him a sleepless night—

Sammy Wilson (East Antrim) (DUP): And he actually read the *Hansard*.

Lady Hermon: That is even more impressive.

The point of my amendment was to ask the Minister to clarify the wording of the Bill. Clause 19 and subsequent provisions always refer to

"a new Northern Ireland department".

That implies that there will be only one Department.

Mark Durkan: I have listened to the hon. Lady's comments on her proposed amendment, and to her concern about the implications for the role of the Policing Board and its possible duplication by a departmental committee. Would her amendment not compound the problem? If the only role of the Department and the committee were to oversee policing and not wider justice issues, the problem that she describes would definitely arise.

Lady Hermon: I am grateful to the hon. Gentleman for raising that point. That is precisely what I needed to find out from the Minister. It seemed to me, when I read the Bill, that I had missed the entire discussion on whether there was to be simultaneous devolution of policing and justice to a single Department in Northern Ireland. That is what appears in the Bill, and my purpose in tabling this probing amendment was to discover the words that the Minister would use to justify the drafting of clause 19. I am not prescribing my preference.

Having said that, I am reminded of the fact that the Belfast agreement establishes that Northern Ireland is part of the United Kingdom. I am therefore concerned that justice and criminal law issues will be devolved to the Assembly. Antisocial behaviour orders might be withdrawn in Northern Ireland, for example. I am worried about policing and justice powers being devolved at the same time, because we have two separate Departments in England and Wales to deal with those issues, and they do not necessarily integrate or sit easily together. However, the Minister has given the House an

[Lady Hermon]

assurance that clause 19 gives "freedom" to the Assembly to choose the format, the timing and the combination of powers that it wishes to see devolved.

Mr. Hanson: Clause 19 gives freedom to the Assembly in conjunction with the 1998 Act, which includes several potential models.

Lady Hermon: I am most grateful to the Minister for confirming that clause 19 gives freedom to the Assembly in conjunction with the 1998 Act, with which I am perfectly content—the 108 Assembly Members are entitled to make up their minds about the Department's configuration. With that assurance from the Minister, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Laurence Robertson (Tewkesbury) (Con): I beg to move amendment No. 18, in page 14, line 4, at end insert—

'( ) The Act may provide for the department to be in the charge of the First and Deputy First Minister acting jointly.'.

The Chairman of Ways and Means (Sir Alan Haselhurst): With this it will be convenient to discuss amendment No. 19, in page 14, line 5, at end insert—

'(aa) for the department to be in the charge of the First and Deputy First Minister supported by junior Ministers;'.

Mr. Robertson: These too are probing amendments. The Bill as it stands allows for the Assembly to provide that the new police and justice department be in the charge of two Northern Ireland Ministers acting jointly or a Northern Ireland Minister supported by junior Ministers, and for them to rotate. My amendments would give the Assembly the power to provide for the Department to be in the charge of the First Minister and Deputy First Minister acting jointly and/or the First Minister and Deputy First Minister supported by junior Ministers.

The reasoning behind the amendments is twofold. First, the Department will be of such importance that putting it in the charge of the most senior Ministers in Northern Ireland should rightly be an option. Secondly, that kind of arrangement could provide cross-community control of policing and justice with all the necessary checks and balances in place. I feel that that would have the potential to give at least some confidence to both communities.

I will not press the amendments to a vote, and I will not detain the Committee long on them. The option was in the discussion paper circulated a while ago, and I was a little surprised that it did not find its way into the Bill. Since the amendments were tabled, the Minister has been kind enough to assure me that it is covered in the 1998 Act. I would like his assurance that the situation that I describe is a possibility should policing and justice be devolved.

Mark Durkan: I note that the amendments are probing. Obviously, were they included in the Bill, they would make the devolved policing and justice powers part of the portfolio of the Office of the First Minister and Deputy First Minister. I know that that was one of the options on the menu that might be considered in party discussions, but I can advise Members, as someone who has served in the Office of the First Minister and Deputy First Minister, that it would be a most unwelcome and unhelpful arrival in that Department. It would not assist the competent performance of the Department at large, and it would add unduly to the burden of the First Minister and Deputy First Minister and handicap the good conduct of those devolved responsibilities.

I do not fret about the absence of that option. The significance of the Bill setting out some options is that it raises questions: if such matters are to be the subject of agreement by the parties, does not it make sense to ask the parties to have those discussions, reach agreement and then legislate on known outcomes? We have seen some of the folly and futility of legislating for all sorts of potential options, which then turn out not to be needed and are withdrawn subsequently or overtaken by other legislation.

I note that the d'Hondt option is available for appointing a First Minister and Deputy First Minister, or the Assembly can decide not to appoint by the d'Hondt system. Of course, under the Bill, that decision would be entirely under the control of Sinn Fein and the Democratic Unionist party—no doubt a marriage made in heaven. They, through their control of the Office of the First Minister and Deputy First Minister, and of the voting mechanism proposed in the Bill, would determine that entirely. An option of joint Ministers and rotating junior Ministers is given, but no option is given for the Assembly to say that it will be outside the d'Hondt system and that the Assembly will elect, through cross-community support, a single Minister. In discussions, the parties might agree that they want to go for that option. The House could therefore find itself having to legislate for another option in future—unless, of course, there has been prior agreement on some of the options under consideration.

Many of us have questions about that. Martin McGuinness tells us that the whole question of how and what things were to be transferred was done and dusted in the negotiations leading up to the so-called comprehensive agreement of December 2004. With regard to the comments of the hon. Member for Belfast, East (Mr. Robinson), we know that we did not see everything that was agreed in the comprehensive agreement of December 2004, because the documents published were accompanied by up to 100 different side-notes, letters and clarifications. Does that cover some of how devolution of justice and policing was to be handled and transacted? Does it mean that there has been a prior agreement involving Sinn Fein and the DUP about some of the models? If not, surely the likelihood is that we will face new legislation to provide for what is agreed in the future? If Democratic Unionist Members are going to tell us that none of that is agreed, and none of it will matter, why is the Committee being asked to pass this legislation?

The answer, as I said on Second Reading, is that we are being asked to deal with parts of the Bill that are something between a figment and a fig leaf. They are in the Bill to create a pretence that it is securing as a fact the devolution of justice and policing, so that Sinn Fein can pretend that there has been some significant new gain or development and then modify its position and

language on policing. The fact is that the power to devolve justice and policing already exists. It is in the 1998 Act. The Bill only gives us options as to the furniture arrangement for the devolution of justice and policing. It does not take us substantively on to the devolution of justice and policing.

In fact, some of the models proposed in the Bill could delay delivery of the devolution of justice and policing, as, contrary to how Sinn Fein will present the passing of the legislation, the mechanisms in the Bill—which Democratic Unionist Members indicated they did not see—effectively provide a multiple lock on any prospect of the transfer of justice and policing, as well as on who can be appointed. We will make further points about that on future clauses.

Mr. Peter Robinson: I have been provoked by the hon. Member for Foyle (Mark Durkan) into responding, which I presume was his purpose. First, I remind him that for many years he was happy to slink off here and there with Governments and other parties, make side deals, announce them to the public after the event, and never mention them to the Democratic Unionist party. That was par for the course. When it comes to an occasion when he might be outside the door, and the Democratic Unionist party might be inside, apparently that is a gross betrayal of democracy.

Mark Durkan: I remind the hon. Gentleman that, first, his party withdrew from the negotiations leading to the agreement and refused invitations to a variety of subsequent negotiations and talks. On any occasion when the question arose as to whether talks should be on an inclusive or exclusive basis, we always insisted on an inclusive basis. We complained about the exclusive basis of talks over a number of years after the agreement. We always advocated that the DUP and all other parties should be invited and included, and insisted on building inclusion into the agreement.

The Chairman: Order. I think it might help the Committee if I suggest that we are moving well beyond the scope of the amendment. We have a full agenda today, and I think we would do better to remain strictly within the rules of order.

1.30 pm

Mr. Robinson: I am happy to follow your advice, Sir Alan, because I think that we were moving beyond not just the scope of the amendment, but the scope of historical fact. The revision of history by the hon. Member for Foyle is perhaps best left to one side.

Whatever the Committee does today will not bring the day when policing and justice powers are devolved in Northern Ireland one moment closer. No decision by the House of Commons will provide the enabling powers; the decision will be made only when the people of Northern Ireland are apprised of the method of devolving the policing and justice powers and of whom they will be devolved to. That is an essential issue, which is dealt with in later amendments.

We are not afraid of enabling powers, provided there is some democratic control over the enabling process. We have tabled a new clause, because the Minister will doubtless wish to honour the private undertaking—no doubt the hon. Member for Foyle would describe it as a side deal—that he gave us when he met my right hon. Friend the Member for North Antrim (Rev. Ian Paisley) and other colleagues in a Committee Room of the House. He assured us then that there was no mischief in the fact that a crucial safeguard had been deleted from the legislation. The Government have made no attempt to restore that safeguard by means of an amendment, however, and we shall want to discuss that later as well.

I understand that this is a probing amendment, and I am satisfied that the menu to which the hon. Member for Foyle referred is as expansive as possible, although, like the hon. Gentleman—but for entirely different reasons—I am not sure that involving the First and Deputy First Ministers is the most appropriate way of dealing with it. It is in the nature of policing and justice, especially policing, that it must be possible to make decisions on the spot when circumstances require it and the public interest demands it. A First and a Deputy First Minister acting jointly will need a longer time in which to make decisions. If the amendment did not just make provision but contained a requirement, I would have some misgivings about the ability of a First and a Deputy First Minister acting jointly to make decisions in the time required on crucial issues that would have an impact on public safety.

The hon. Member for Foyle seemed to think that the Office of the First Minister and Deputy First Minister was so overworked that the additional massive burden would be too much for them to carry. In fact, when the devolved Assembly was operating and we had a First and Deputy First Minister, they were foraging everywhere for work. They had so little to do that they were sticking their noses in other Departments, and removing and duplicating what was being done there. I have no doubt, therefore, that the office would have the capacity to take on more work.

Mr. Jim Devine (Livingston) (Lab): The job description that the hon. Gentleman has just given for a First Minister is not one that I would recognise in a devolved Scotland. The First Minister in a devolved Scotland is a political leader and a political driver who sells Scotland abroad—and sells it very successfully, given that we will host the Commonwealth games in 2014.

Mr. Robinson: I would be content to exchange not just the First Minister but our whole Assembly for the Scottish Parliament. Our First Minister in Northern Ireland spent about 80 per cent. of his time trying to keep his party together, never mind the country.

I recognise that the option may be withdrawn, but I do not believe that any of these provisions will be sufficient to secure the devolution of policing and justice. Further legislation will undoubtedly be required, because there are weaknesses and gaps in the existing legislation.

I assure the hon. Member for Foyle that no deals have been done with the Government or any other party in relation to my party's participation in any Assembly, any Executive or any devolved institutions, including policing and justice. No agreement has been made on those aspects. I greatly doubt that, in my lifetime, we shall ever see circumstances in which they could be devolved, although I would be happy if that were possible.

[Mr. Robinson]

One suggestion that I did make was that if there were a single Department with a single Minister and if it could be bid for under d'Hondt, my party, being the largest party, would secure that office. That would be a way forward for Northern Ireland, and if other parties are willing to consider it we shall be happy to oblige.

Lorely Burt (Solihull) (LD): I have a practical question. We would have no objection to the First and Deputy First Ministers acting jointly, or for that to be an option that the parties could consider in deciding how to arrange a Department with policing and justice functions, but, although I may well be wrong, it seems to me that the amendment is superfluous. I see no reason why the joint exercise of the powers by Ministers could not involve the First and Deputy First Ministers. Does the Minister agree that it is for the parties in Northern Ireland to decide how they organise their own Departments?

Mr. Hanson: I am grateful to those who have spoken and hope that I can deal with their points.

As I told the hon. Member for Tewkesbury (Mr. Robertson) privately outside the Chamber before the debate, if he examines sections 17, 19 and 21 of the Northern Ireland Act 1998, he will see that his amendment is unnecessary. What he wants it to do is already possible and need not be included in the Bill. Sections 17 and 19 of the 1998 Act provide that the First and Deputy First Ministers may, with cross-community Assembly support, determine the functions to be exercisable by the holder of each ministerial office, and that will include themselves. I hope that that will allay the hon. Gentleman's fears, and those of the hon. Members for Solihull (Lorely Burt), for Foyle (Mark Durkan) and for Belfast, East (Mr. Robinson).

Mr. Nigel Dodds (Belfast, North) (DUP): What practical difference will the clause make, given the existence of powers in the 1998 Act and the political reality that exists in Northern Ireland today?

Mr. Hanson: Additional models need to be applied to support the potential options for the Assembly to choose, in due course, what form the devolution of policing should take. If we did not include those additional models, we would restrict the Assembly's choice. That relates particularly to the point made earlier by the hon. Member for Foyle, who said that it was a case of rearranging the furniture. That is not so: the 1998 Act, as it stands, is insufficient without further primary legislation.

Mark Durkan: Will the Minister address the possibility that the Bill will limit the choices? If the parties in the Assembly are confined to the models in the Bill, we shall not be able to agree that a sole Minister could be appointed, outside d'Hondt and by direct election, on the basis of cross-community support by the Assembly. We shall not be allowed to pursue that option. If we do, surely new legislation will be needed and the Bill will be redundant.

Mr. Hanson: A number of potential options in the 1998 Act allow the appointment of Ministers, including the First and Deputy First Ministers, and set out the way in which such appointments are made. This Bill is adding to that by putting in place a number of additional options to allow what I believe individuals want in due course, which is the potential to devolve policing and criminal justice.

I find myself in a strange situation. Yesterday, I was arguing to have Assembly matters devolved back to the Assembly and to give away my responsibilities for housing, culture, arts and leisure to the Department for Social Development and my colleagues in the Assembly. Today, I am proposing giving my criminal justice powers to the Assembly when the Assembly wants them. It is strange to be giving away powers on both occasions for devolution to the Assembly yet to find difficulty in terms of the wish of hon. Members to receive those powers in due course.

Mark Durkan: Can the Minister tell us where in the Bill the power is being given away and what power? While we have all sorts of options in the Bill as to how Ministers might be appointed, it is silent on what their powers would be.

Mr. Hanson: The Bill will devolve criminal justice and policing when the Assembly wishes on a cross-community vote in due course—

Mark Durkan: Where in the Bill does it say that?

Mr. Hanson: The hon. Gentleman knows that the Government have given previous commitments that devolution of policing and criminal justice will happen. The Bill sets the framework for that. Part of the 1998 Act relates to that framework. As the Minister now, I am saying to the Committee, as we said on Second Reading, that, if at some point in the future, when the Assembly is reconstituted—as I hope that it will be by November—and if it wishes to have devolved to it criminal justice and policing, if the Secretary of State wishes to agree to that and if the House of Commons supports it, devolution will take place.

I can confirm that it is possible under the 1998 Act to do what the amendment seeks to do, and I recommend that the hon. Member for Tewkesbury (Mr. Robertson) withdraw his amendment.

Mr. Laurence Robertson: I am grateful to all hon. Members who contributed. I recognise the objections that have been made, although the amendment seeks to give the Assembly the option of that particular arrangement. Given that the Minister has put on the record an assurance that an option already exists, I am happy to seek leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Lady Hermon: I beg to move amendment No. 31, in page 14, line 12, at end insert—

'(4A) No person shall be appointed as Minister or Junior Minister of a Department to exercise functions consisting wholly or mainly of devolved policing and justice functions pursuant to this section if he has—

(a) been convicted of a criminal offence and had a sentence of imprisonment imposed whether suspended or not; or

(b) failed to make a declaration to the Assembly of unequivocal support for the Police Service of Northern Ireland (incorporating the Royal Ulster Constabulary).'.

The Chairman: With this it will be convenient to discuss the following:

Amendment No. 21, in schedule 2, page 26, line 9, after 'until', insert '—

(i)'.

Amendment No. 22, in schedule 2, page 26, line 10, at end insert—

'(ii) has made a declaration before the Assembly supporting the Police Service of Northern Ireland and pledging to uphold the rule of law; and'.

New clause 3—*Northern Ireland Ministers*—

'In section 18 of the 1998 Act after subsection (8) insert—

"(8A) A Northern Ireland Minister shall not take up office until he has made a declaration before the Assembly pledging to support the Police Service or Northern Ireland and uphold the rule of law.".'.

New clause 4—*Exclusion of Ministers from Office*—

'(1) In section 30 of the 1998 Act after subsection (1)(b) add—

"(c) because he is no longer committed to supporting the Police Service of Northern Ireland and upholding the rule of law in Northern Ireland.".

(2) In section 30 of the 1998 Act after subsection (2)(b) add—

"(c) because it is no longer committed to supporting the Police Service of Northern Ireland and upholding the rule of law in Northern Ireland.".

(3) In section 30 of the 1998 Act after subsection (7)(d) add—

"(e) is committed now and in the future to supporting the Police Service of Northern Ireland and upholding the rule of law in Northern Ireland.".'.

Lady Hermon: It is essential that the amendment be included in clause 19. It may be helpful for hon. Members if I read it out, because I am sure that many hon. Members will wish to speak to it. It says:

"No person shall be appointed as Minister or Junior Minister of a Department to exercise functions consisting wholly or mainly of devolved policing and justice functions pursuant to this section if he—

or presumably she—

"has—

(a) been convicted of a criminal offence and had a sentence of imprisonment imposed whether suspended or not; or—

this is an important alternative—

(b) failed to make a declaration to the Assembly of unequivocal support for the Police Service of Northern Ireland (incorporating the Royal Ulster Constabulary).'.

That last phrase is, of course, the proper title of the Police Service of Northern Ireland, as established by the Police (Northern Ireland) Act 2000.

I am sure that Members throughout the Committee agree with me that it would be inconceivable that a Home Secretary or a Minister for Justice should have a criminal record that has involved a prison sentence, whether suspended or not. The wording has been carefully drafted to refer not just to small, technical although serious criminal convictions. Traffic offences can certainly be very serious indeed. It refers to criminal offences that carry with them a sentence of imprisonment, whether suspended or not.

As I say, it is inconceivable that a Minister for Justice or a Minister for Home Affairs in Northern Ireland with responsibility for policing and justice should have a criminal record. It is also inconceivable that such a Minister should not give their absolute unwavering support to the Police Service of Northern Ireland in the courageous work that it undertakes.

I am always reminded by the Government and by the Prime Minister when he visits Northern Ireland of the key words "building trust and confidence" among the community in Northern Ireland. Having had 30-plus years of absolute mayhem in which more than 3,000 people have lost their lives in hideous and horrible circumstances and many thousands have been seriously injured and will carry those wounds both psychological and physical for the rest of their days, the words "trust and confidence" must mean something, rather than be simple words poured out by the Prime Minister and a series of Secretaries of States and Ministers in the Northern Ireland Office. "Trust and confidence" means that those who take a very responsible office in charge of policing or justice as a junior Minister or a more senior Minister, whether it is a rotating option every six months or a joint ministerial appointment, must meet the terms of the amendment. It is essential that the amendment be incorporated into the Bill.

1.45 pm

Sammy Wilson: I fully accept all the points that the hon. Lady made. Does she also accept that the conditions in the amendment should apply to the First Minister, the Deputy First Minister and any other Minister who will be in a position of trust?

Lady Hermon: I thank the hon. Gentleman for that interesting and, of course provocative suggestion. He knows that that provision is not included in the 1998 Act. I confirm that we are talking here about policing and justice. It is a serious issue.

Mr. Peter Robinson: Does the hon. Lady agree that the Assembly Members on the Policing Board should also be able to meet the criteria that she sets down?

Lady Hermon: I am most grateful to the hon. Gentleman. It is a matter of considerable regret that, when the Bill which became the Police (Northern Ireland) Act 2000 was being debated, amendments were rejected that would have required that those who sat on the Policing Board would be disqualified and prevented from taking their places if they had a criminal record. It is a matter of regret that such a provision was not written into that Act.

Here we have an opportunity that the Minister can ill afford to decline this afternoon. If key new Departments are to be created in Northern Ireland and powers devolved to them, it should be a prerequisite that any Minister who takes up a post should not have a string of criminal convictions and should support the police without hesitation.

Mark Durkan: I listened carefully to the hon. Lady's presentation of the amendment. I am in no way

[Mark Durkan]

persuaded to offer it any support. I shall give a number of grounds for that. First, in the negotiation of the Good Friday agreement, a clear, deliberate, collective decision was made that we would not build in any vetting requirements, qualification or screening in relation to ministerial appointments. To use this Bill to do so now would take us on a path that departs from the spirit, the letter and the principle of the Good Friday agreement.

Mr. Peter Robinson: The hon. Gentleman indicated earlier that my colleagues were not involved in those negotiations, so perhaps he can give us some illumination. When he talks about a collective decision, which parties took that decision?

Mark Durkan: The parties who were present in the negotiation. I can advise the hon. Gentleman that the hon. Member for Lagan Valley (Mr. Donaldson)—his own party colleague now—was prominently involved in the precise decision that in no way should we have arrangements that would allow other parties to vet or veto anybody else's choice of Minister. We took that decision because to create such powers would force parties to use the power to vet or veto other people's choice of Minister. The hon. Gentleman was clear on that and I remember being directly involved in negotiations in that context with him. I remember it clearly, although I am sure that he tries to forget it.

Mr. Robinson: What parties?

Mark Durkan: The hon. Gentleman asked what parties. The main person who negotiated for the Ulster Unionist party is no longer in that party. That is the unfortunate problem. I did not want to tell a partial truth. I told the whole truth without being diverted from the issue.

To include these sorts of requirements, tests and blockages would depart from the agreement in that regard.

Mr. Dodds: I am listening to what the hon. Gentleman is saying on this issue. Would he be content for a known racist, for example, or someone who held extreme right-wing or left-wing views to hold this sort of position? Would he have no difficulties whatever with that?

Mark Durkan: We decided clearly in the agreement that there could not be all sorts of tests of people's views, qualifications and records. Many of us believe that there are people of extreme views in some parties. When we agreed inclusion without a test in the agreement, we said that that would apply to members of parties who were not even involved in the negotiations and members of parties whom we find to have extreme and intolerant views on a number of issues, including homophobia.

Sammy Wilson: I am glad that the hon. Gentleman mentioned homophobia. He may recall that his party led the charge to ensure that someone who had been accused and convicted of making homophobic remarks was taken off, not as a Minister of Justice, nor even as a member of the Policing Board, but as a member of a lowly district policing partnership. If such remarks exclude a person from being a member of a DPP, why not from being a Minister of justice?

Rev. Ian Paisley (North Antrim) (DUP): Different standards.

Mark Durkan: I see no proposals from hon. Members to make the case. That is a matter of political choice.

Dr. William McCrea (South Antrim) (DUP): The hon. Gentleman is exposed.

Mark Durkan: We are in no way exposed.

Several hon. Members: Wholly exposed.

The Chairman: Order. We must conduct these proceedings with a proper sense of order. All this sedentary comment and noise is not helpful to proper, moderately worded and conducted debate.

Mark Durkan: We are in no way exposed in relation to this point. I am explaining carefully and clearly how the decision to appoint Ministers by respective parties was reached. Obviously parties and party leaders would be held to democratic account in different ways for their choices of Ministers. Elsewhere in the agreement we wanted to create an all-Ireland charter for human rights that would be signed by all parties. We always hoped that that would include parties and party leaders making clear declarations about such issues.

Lady Hermon: The hon. Gentleman mentioned a charter of human rights, and I know that later this afternoon we shall come to amendments in his name that relate to the Northern Ireland Human Rights Commission and the increased powers proposed for it by his party. His party claims to support human rights, of which the right to life is the most fundamental. How can it reconcile appointing a justice or policing Minister who may well have snuffed out and taken the life of another person with showing respect for human rights?

Mark Durkan: I take the hon. Lady's point. Many people are suspected of exactly the sort of crime that she is talking about, but have no conviction. It may well be possible for somebody whom many people believe has committed such a crime to be appointed a Minister. They would not be disqualified by her amendment, which relates purely to a conviction and imprisonment, so there is no contradiction in our position in relation to upholding human life as the most fundamental human right.

A further reason why I oppose the amendment is that it may have unforeseen applications. If someone is to make a declaration to the Assembly of unequivocal support for the Police Service of Northern Ireland, some of us could argue that the Ulster Unionist party now is potentially showing equivocal support. It has a semi-detached position in relation to its membership of the Policing Board. It has some sort of observer status. The UUP members in Belfast are still not sitting on the district policing partnership, as part of their continuing protest at police practices in relation to the Whiterock

parade—an occasion when the police face violent and vicious attack. Rather than condemning those attacks first and foremost, many Unionist representatives sought to condemn the police, the Parades Commission and the Secretary of State. For many of us that raises the question how truly those parties are upholding the rule of law and supporting the Police Service of Northern Ireland.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): In my absence, I believe that the hon. Gentleman referred to my role in the negotiations leading up to the Belfast agreement. May I put it on the record that it has never been my position that Ministers involved in criminality, paramilitarism or terrorism of any kind should hold Government office? He will know that I have devoted the last eight years of my life to opposing the proposition that any Minister who has a connection with a paramilitary terrorist organisation should be a Minister in the Government of Northern Ireland. There is nothing in the Belfast agreement that suggests otherwise. The hon. Gentleman will know that it contains provisions, flawed though they are, to apply sanctions to any Minister who is in breach of the ministerial code.

Mark Durkan: I was clear in the recollection that I shared with the Committee on the negotiation of the d'Hondt mechanism. At no point did I say that the hon. Gentleman advocated that people with convictions should be appointed Ministers. I said that he, as one of the negotiators then for the UUP, was clear in accepting the d'Hondt mechanism, and that it would be wrong to have a means whereby parties could be seen to be vetting or vetoing—we used those words at the time—each other's ministerial appointments. I can recollect further, but I do not want to embarrass him by doing so now. I can share recollections with him outside. I have a colourful recollection of that particular point in the negotiations and his prominent and, I believed at the time, constructive involvement in it.

Lady Hermon: Before the hon. Gentleman closes his remarks, may I say quietly and calmly that I take serious exception to the implication in his earlier remarks that the UUP does not give its full support to the Police Service of Northern Ireland? He will know that my party leader has difficulties with breaches of commitments that were given by the Secretary of State and with the turning of the Policing Board into a quango, instead of a body as suggested by Patten. The implication of the hon. Gentleman's remarks is most unfortunate.

Mark Durkan: I take the hon. Lady's sentiments, but she has in no way answered the question about the position of UUP members in Belfast who refused to sit on the Belfast district policing partnership and who withdrew in the aftermath of the Whiterock parade, but who continue to sit on the north and west Belfast parades forum with representatives of the very paramilitary organisations that carried out those violent attacks on the police service.

2 pm

I am simply making the point that the language in this amendment, and in some of the others that have been selected for debate later, can be used to catch and challenge parties in a way that the hon. Member for North Down (Lady Hermon) may not have considered. We can ask fundamental questions about the attitudes of the parties involved, and the US envoy to Northern Ireland, Mitchell Reiss, did just that in respect of Unionist leaders after the Whiterock riots. He has always been very clear and firm about the need to uphold the requirements of a lawful society. He wants Sinn Fein to meet those standards, but he also reminded Unionist leaders that their commitment to those requirements was open to question.

That is another reason why we cannot support the amendment, which raises a number of contradictions and difficulties.

Mr. Laurence Robertson: We are discussing the devolution of policing and justice to the Northern Ireland Assembly, as and when it is up and running. There is much concern on both sides of the House that there is a possibility that the responsibility for such important matters could fall into the wrong hands.

At a recent meeting with the Police Federation for Northern Ireland, I was told about the fears that members of that organisation felt at the prospect of the Assembly controlling policing and justice. I understand that those fears have been communicated to the Under-Secretary of State for Northern Ireland, the hon. Member for St. Helens, South (Mr. Woodward).

The amendments in my name—Nos. 21 and 22, and new clauses 3 and 4—address those fears, and would go some way to easing them. They would ensure that people would not be able to take ministerial office in Northern Ireland unless they made a declaration, before the Assembly, that they supported the Police Service of Northern Ireland and pledged to uphold the rule of law.

Amendments Nos. 21 and 22 would amend paragraph 5(8) of schedule 2, which states:

"The relevant Ministers . . . shall not take up office until each of them has affirmed the . . . pledge of office".

That pledge includes a commitment to non-violence and exclusively peaceful and democratic means.

Given that we are seeking to devolve policing and justice, it does not seem to me to be asking a lot for potential Ministers to affirm their support for the police. The extra requirement in the amendment is a very minor adjustment, and I should have thought that its inclusion should be axiomatic. Although it might seem a small step to me, I accept that it might seem a large one to some people, yet it would give at least some confidence to members of those political parties in Northern Ireland that show no reluctance about supporting the police and upholding the rule of law that people seeking to hold office would have the appropriate objectives. In other words, the amendments would add to the pledge of office a commitment to support the police. I think that that is reasonable.

New clause 3 would amend section 18 of the Northern Ireland Act 1998 to ensure that people appointed as Ministers have declared before the Assembly that they also support the police and uphold the rule of law. New clause 4 would amend section 30 of the 1998 Act to allow for the exclusion from office of any person who is no longer committed to supporting the police and upholding the rule of law. It would also provide for the

[Mr. Laurence Robertson]

exclusion from office of members of any political party that is no longer committed to supporting the police and upholding the rule of law. Finally, it would empower the Secretary of State to require the presiding officer to move a motion in the Assembly excluding people from office if they or their party do not support the police or uphold the rule of law.

I do not see why there should be a great deal of difficulty with the amendments. I heard what the hon. Member for Foyle (Mark Durkan) said, and I agree with much of it, although I draw a different conclusion. If we leave matters as they are, I understand that there will be stumbling blocks to the devolution of policing and justice, and that more or less the same stumbling blocks would obstruct getting the Assembly up and running in the first place.

I want the Assembly to be up and running, but first we must address the real and legitimate fears of the constitutional parties in Northern Ireland. One fear is that Ministers will come to office who are not persuaded that they should follow exclusively peaceful means. Another is that some members of the Assembly might be Ministers by day and terrorists—if I may use that word—by night.

Those are real fears, and the Government must put pressure on the appropriate people. We have had many debates, in the House and in Committee, and as I said yesterday, the Minister of State has been unfailingly courteous. I cannot remember one occasion when he has refused an intervention, and I am sure that he will agree that members of all parties that have taken part in the debates have behaved in a very reasonable and constructive way.

However, one party has not taken part—Sinn Fein. The blame for the fact that the Assembly does not sit should be placed not on the constitutional parties that sit in this House, but on the party that does not appear here, and on the IRA. If the Minister accepts the amendments, that would go some way towards addressing the real and legitimate fears expressed many times in the House by the constitutional parties in Northern Ireland.

Stephen Pound: Like most hon. Members, I am reluctant to be seen in opposition to the hon. Member for South Down—

Lady Hermon: North Down.

Stephen Pound: I apologise: not only is the hon. Member for North Down (Lady Hermon) known to have one of the best legal brains in the House, she is also unfailingly courteous and charming, and I understand the motivation behind her amendment. However, I have no such inhibition about amendment No. 22, in the name of the hon. Member for Tewkesbury (Mr. Robertson).

With her amendment No. 31, the hon. Member for North Down has moved the debate on from the minutiae of who did what to whom, in what guise and wearing what colours on a Good Friday late in the last century. Instead, the amendment focuses on the core question of what we are trying to achieve today.

This is the second day of debate on this Bill. Yesterday, we heard one of the most extraordinary statements ever uttered in this House, when the hon. Member for South Staffordshire (Sir Patrick Cormack) said

"£1.7 million does not buy an awful lot these days"—[*Official Report*, 19 April 2006; Vol. 445, c. 171.]

We have gone from the depths of that comment to the heights of the points made by the hon. Members for North Down and for Tewkesbury, and various others. The key question is: can a democracy flourish or even function if some of the people in the democratic process have pasts that might be bloody and bitter, and whose lives have been lived in opposition to the principle of democracy?

It would be otiose for me to make the obvious point that, if the sort of filter or block that is proposed in the amendment had been imposed in the past, people such as George Washington, Jan Smuts, Menachem Begin and Nelson Mandela would never have held office. As it happens, all four held the highest office in their respective nations, and did so with distinction.

Some may say that there is a difference between a declared war and the sort of activity that we are talking about. That would be true in the case of three of the people whom I mentioned, but in one case it would not.

Mr. Gregory Campbell (East Londonderry) (DUP) Will the hon. Gentleman give way?

Sammy Wilson: Will the hon. Gentleman give way?

Stephen Pound: I will give way in a moment, but before I do I want to emphasise that I have chosen my words very carefully. I understand how difficult this matter is. We are talking about actions as bitter as wormwood and gall to many hon. Members, and I understand that their communities have suffered for many years in ways that are inconceivable to people who live in comparative safety and comfort in Great Britain. However, people in my borough of Ealing have been affected physically—and lethally—by the conflict. Therefore, I feel that I have the right to speak about these matters in this House, and to say that it is vital that we thaw the permafrost, escape from the past and move forward.

Sammy Wilson: The hon. Gentleman is trying to divert attention away from the essence of the amendment. This is not only about people who have a past; it is about people with a present and particular attitude to the police. The second part of the amendment requires such people to make a declaration of support for the very service that, as Ministers, they are supposed to be in charge of.

Stephen Pound: I am very grateful—rather more often than I expected to be—for the hon. Gentleman's interventions, but I disagree profoundly with the point that he makes. If that were the case, we could understand the need for the amendment. If we say, as one of the amendments specifies, that everybody holding office has to swear to uphold the rule of law, that implies that we can pick and choose our obedience to the rule of law. Every single one of us is subject to the rule

of law, so it is otiose and unnecessary to say that we will respect it. It is like saying that one gets wet when it rains—these are facts of life.

The hon. Member for East Antrim (Sammy Wilson) referred earlier to the past and the present, and he is absolutely and precisely right. Although the past is in some ways uncertain because it is constantly reinterpreted, at least we know what happened in the past, and we can examine it. What we cannot do is to legislate for attitude. How in heaven's name can attitude be analysed, delineated, listed and then legislated for? I am sorry, but the hon. Gentleman's comments should not commend themselves to the House, because of the simple fact that it is impossible to analyse attitude.

Mr. Gregory Campbell: The issue has been raised of past miscreants who engaged in criminal activity perhaps becoming, for example, Justice Ministers in Northern Ireland. Such people may currently support illegality and criminality; indeed, some would say that they do. Does the hon. Gentleman not accept that we need a clear definition from these people that they have departed from their past—if it is indeed their past—and that they must demonstrate credible support for law and order if they are ever to become Ministers?

Stephen Pound: I am grateful to the hon. Gentleman for that intervention. Few statements are less equivocal than the statement that was made to the effect that the war is over. The hon. Gentleman will probably say that although statements can be made and words uttered, they may be blown hither and thither on the wind, but what on earth would it take to prove this commitment? One could say, "Here is a form of words that constitutes a continual raising of the bar, which has to be jumped over before such people are acceptable." However, although it would be presumptuous of me to attempt to speak for the Government—I have no doubt that I will never be called upon to do so—I would suggest that the participation of individuals in the democratic process is in itself a statement of intent. The hon. Member for Tewkesbury referred, somewhat exotically, to someone choosing to be a legislator by day and a terrorist by night, but that simply does not happen: it is not practical and there is no historical precedent for it.

Lady Hermon: The hon. Gentleman referred to a phrase used by the leader of Sinn Fein—the statement that the war is over. If the war is indeed over, why do Sinn Fein refuse to take their places on the Policing Board, refuse to call upon young republicans to join the Police Service of Northern Ireland and refuse to give any hint of support for the police service? That is the issue that he must address.

Stephen Pound: I carry many a heavy load on my journey through this vale of tears that we call life, but one thing that I do not, cannot and shall never do is answer for Sinn Fein on the Floor of this House. That is not my job and in all frankness, it is not one that I would choose to apply for. I cannot speak for them; they can, and do, speak for themselves, albeit not here.

2.15 pm

Mr. Laurence Robertson: The hon. Gentleman needs to make a better attempt at answering the very reasonable question asked by the hon. Member for North Down (Lady Hermon). He said that the IRA stated that the war was over, but he knows as well as the rest of us that the elected Sinn Fein Members do not take their seats in this House because they do not recognise the legitimacy of this Parliament. Similarly, they do not recognise the legitimacy of the police in Northern Ireland. Surely it is reasonable to expect someone who takes office and takes charge of the police to recognise their legitimacy. That is what my amendment seeks to ensure.

Stephen Pound: Recognising the police's legitimacy is one thing; having to swear a secondary or tertiary oath is entirely another matter. All Members of this House swear an Oath of Allegiance and we accept that. We have never been asked to swear a second or third oath, and frankly, introducing an additional filter of oath-taking would be provocative.

As I said earlier, I do not speak for Sinn Fein in this House, nor will I, but based on my tiny amount of knowledge of the subject, the consistent political position of Sinn Fein, who believe in an all-Ireland party and who do not wish to sit in the legislature of what they consider another country, is understandable and legitimate, even if it is not endorsed by many—about four, I should imagine—Members of this House. It would be easy for them to turn up, collect their pay and rations and keep their fingers crossed when they swear the Oath of Allegiance. They do not do so and I almost admire them for that, even if they do not have my personal sympathy.

Mr. Gregory Campbell: Does the hon. Gentleman not concede that Sinn Fein have said repeatedly that they do not accept the legitimacy of the army of the Irish Republic—the "Oglaigh Na hEireann", as they call it—let alone this House or this jurisdiction? Given that attitude, can we accept the bona fides of such a person if they aspire to be a Justice Minister in Northern Ireland?

Stephen Pound: The description "Oglaigh Na hEireann" was in fact used for a different army on a number of occasions, as the hon. Gentleman is well aware. I repeat—I hope for the last time—that I cannot speak for another political party; indeed, I can scarcely speak for my own on many occasions. I say, in a sincere attempt to cut through the mist and obfuscation and the terrible dead weight of the past that hangs so heavily on our shoulders, that were I faced with choosing between an individual committing acts of terrorism or them being in a state legislature, choosing the latter option might well stick in my craw. I accept that entirely, and I cannot say too often how much I understand the difficulties that Northern Ireland Members have faced over the years, but given the choice of such a person being at the Dispatch Box or wielding a nail bomb, I am absolutely sure which I prefer.

Winston Silcott, the man accused of the appalling murder of PC Keith Blakelock at Broadwater Farm, was later released from prison and took part in a youth diversion programme in the borough of Haringey. People said exactly the same thing then: how can somebody accused of such a crime now be on the side of law and order? However, I am delighted at every sinner who repents. *[Interruption.]* I appreciate that we are moving away from the subject for debate, and before

[Stephen Pound]

your eyebrows rise any higher, Sir Michael, I will return to the point at hand. I say with the deepest respect to the hon. Member for North Down that she has made the mistake of confusing policy and personalities. If Sinn Fein were not involved and there were no Provisional IRA, nobody would be talking about constantly raising the bar in this way. What we are talking about is a disqualification mechanism when in fact, we should be thinking of mechanisms for inclusion. We are talking about a way of preventing people from participating in the democratic process when we should be drawing people into that process, and if they bring with them a trail speckled with blood, I must reluctantly accept that that was the past but that this is the future, and people change.

I respectfully suggest that there is enough evidence to indicate that people have changed, although not, in heaven's name, nearly enough to satisfy every Member of the House. I would not be so foolish or presumptuous as to imply that those people have changed completely, but they have changed, so to apply yet another series of filters can only be seen as a force against inclusion.

Mrs. Iris Robinson (Strangford) (DUP): Will the hon. Gentleman try to see our side of the argument by answering this question? Ten or 15 years down the road, would he accept into the Government the people who committed 7/7 in London? Will he balance that with what he is asking us to do? Let us not forget that the Royal Ulster Constabulary was disbanded and its name blackened across the world to satisfy Sinn Fein-IRA, yet even though that was done and we now have the Police Service of Northern Ireland they still do not accept the PSNI, despite 50:50 and the Government turning cartwheels to accommodate every demand put to them. Can the hon. Gentleman understand that we have 3,500 dead in Northern Ireland, most of whom were Protestants, from the Protestant community? That does not take away the fact that it is immoral to murder Catholics too.

Stephen Pound: I do not mean this ungraciously, but the hon. Lady frequently throws a bucket of cold water on us because she shocks us into—*[Interruption.]* No, I am complimenting the hon. Lady in a roundabout way. She shocks us into facing the realities of the consequences of some of the things we talk about on the Floor of the House. To respond to her question, leaving aside the two facts that the majority of people killed during the 30 years of the troubles were Roman Catholics and that the people who committed 7/7 are all dead, not only would I welcome into the House a disaffected Muslim youth who had been a supporter of the murderous people who committed the crime of 7/7, I would actually drive them to the door if necessary. I do not want people slaughtering my fellow citizens on tubes and buses and if an alternative is to bring them in so that they are not living on the wilder outer fringes of lunacy, where they believe in some nonsense that they can bomb their way into a different world order, I would welcome them.

Dr. McCrea *rose—*

Stephen Pound: Sir Michael, I understand the rules of good manners and the rules of debate, and that this one finishes at 6 pm, but I shall give way to the hon. Member for South Antrim (Dr. McCrea).

Dr. McCrea: I thank the hon. Gentleman for giving way. Does he really want the House to believe that the murderers of 7/7 could come to the House and be good candidates for the position of Home Secretary or Home Office Minister?

Stephen Pound: In making his point so dramatically, the hon. Gentleman rather loses the precision of the point originally made by the hon. Member for Strangford (Mrs. Robinson). We are not talking about the individual who committed the act—[HON. MEMBERS: "We are."] Not in respect of 7/7; those people are dead. I am talking about a far more dangerous grouping—the people who provide the sea in which terrorist fish swim. Those people are so disaffected—to recognise that that disaffection exists if not necessarily to approve of it—that they see only one route to realise their ambitions. Would I rather see them participating in the democratic process? For heaven's sake, would not every one of us rather see them doing that, even if sometimes, Sir Michael, you have to hold your nose when you look around and see what democracy has thrown up? We may not like the Hamas victory in Palestine, but is not it better that people are participating in the democratic process?

Several hon. Members *rose—*

Stephen Pound: I have a worrying suspicion that interventions could continue for some time, so I shall conclude on the two most serious points.

I apologise for reiterating the first point, but it bears repetition: at a personal level, I profoundly regret any impression that I or any of my colleagues may ever give that we are less than sympathetic to the reality of life as it has been and is being lived in the north of Ireland. We understand in many cases, even though we may be confused in some cases. We may sometimes be the victims of history or our personal prejudice, but if there is one thing that overarches every syllable that has been uttered in the Chamber over the last two days, if there is one aim and one light that we can surely walk towards, it is the possibility—the prospect—of that shimmering chimera of the future where we can have a peaceful community.

To reach what is not nirvana, but an achievable situation, we have to make some unpleasant decisions. We have to live with some unfortunate facts. We have to live with things with which, frankly, we would rather not live. But the alternative is to be for ever frozen in a bloodstained past with no hope and no future whatever. I am not happy with the situation. I do not like it, and in an ideal world I would have nothing to do with it, but we live in a real world and constantly to tell people, "We will not allow you in unless you tick this box, tick that box, jump this bar and swear that oath," is ultimately prohibitive and negative, and will detract from the one thing that every democrat in the House of Commons wants—a peaceful future for the people of a Province who have suffered for long enough.

Mr. Peter Robinson: May I respond to the remarks of the hon. Member for Ealing, North (Stephen Pound)?

Earlier, he indicated his propensity to read *Hansard* reports of previous sittings. Tomorrow, when he reads his contribution to this debate, he will realise that it did him no credit. He started by struggling and ended by wriggling.

I want to make it clear to the hon. Gentleman that we are talking about the people who will be Ministers for policing and justice in Northern Ireland. They could be chosen—and are likely to be chosen if there are joint Ministers—from those who have engaged in the most heinous crimes imaginable in Northern Ireland. The current Sinn Fein-IRA spokesperson on policing and justice is Gerard Kelly, who, among his achievements, was responsible for the bombing of the Old Bailey and the attempted bombing of New Scotland Yard—policing and justice in one go. The same person was jailed in the Maze prison and led an escape in which one of my constituents was killed by being stabbed in the eye with a screwdriver. That is a person whom we are asked to accept as a Minister for policing and justice in Northern Ireland.

My hon. Friend the Member for South Antrim (Dr. McCrea) intervened to indicate that the hon. Member for Ealing, North was saying that he would welcome certain people to come into the heart of government in the United Kingdom, and the comparison to be made is exactly as my hon. Friend said: it is like bringing a member of al-Qaeda who has been responsible for terrorist offences into the office of policing and justice as the Home Secretary of the United Kingdom. Not one hon. Member would contemplate that; why should we contemplate it in Northern Ireland? That is what the hon. Gentleman is asking us to do.

What offends the hon. Gentleman, if he is offended by the proposition of the hon. Member for North Down (Lady Hermon)? She suggests that in the circumstances, given the history of the parties in Northern Ireland, it is proper for people who are to attain that high office, that responsible post in Northern Ireland, to be prepared to pledge themselves to support the police service that they will administer. Is that an outrageous suggestion? Is it so off the wall to expect those who will be responsible for policing and justice in Northern Ireland to say, "We support the police"?

The hon. Gentleman thinks that it is awful to ask those people to pledge themselves in that way. He says that we come to the House and we make pledges, but no one asks us to take a second pledge. Well, he asked me to take a second pledge in Northern Ireland, because he supported the enactment of the Belfast Agreement in the Northern Ireland Act 1998, which required a pledge of office to be taken by Ministers in Northern Ireland.

A pledge of office had to be taken, because of the recognition that, in the special circumstances of that Assembly, it was necessary for those Ministers to pledge themselves to certain standards and behaviour. Is there something different in the office of policing and justice? Is it not more required in those circumstances that a pledge of office be taken? I fully support the proposition of the hon. Member for North Down, and I hope that, given the sincerity of Unionist Members and the severity of the criminal and other offences committed in Northern Ireland, the House will consider that it is a necessary requirement for the post that is being discussed.

2.30 pm

Lorely Burt (Solihull) (LD): I almost hesitate to rise to speak, after the passion and eloquence of the contributions that we have heard from hon. Members. I have listened very carefully to everything that has been said this afternoon, particularly the point made by the hon. Member for Foyle (Mark Durkan) about paragraph (a) in the amendment proposed by the hon. Member for North Down (Lady Hermon), which relates to criminal offences and sentences of imprisonment debarring anyone from holding office. I have taken the hon. Gentleman's argument about that going against the spirit of the Good Friday agreement.

I have also listened very carefully to the eloquent and persuasive comments made by the hon. Member for Ealing, North (Stephen Pound). At the same time, however, we very much understand and sympathise with the feelings of many people in Northern Ireland about the fact that they wish for reassurance that those people who will take responsibility for their policing should also be part of the process. It is a great hope that, when that day comes, those people who take such responsibility will automatically take part by taking their seats on the Policing Board and becoming part of the community and structures in which they serve.

I find myself in a little bit of a dilemma. Although we are minded to support the first and second parts of the amendment proposed by the hon. Member for North Down, we are also minded to support new clause 3, proposed by the hon. Member for Tewkesbury (Mr. Robertson). If the amendment is pressed to a vote, I should be extremely grateful if it could be possible to reflect those two elements of support in the voting pattern.

Dr. McCrea: I am sure that the debate has certainly stirred the hearts of quite a number of Northern Ireland Members, especially given the contribution made by the hon. Member for Ealing, North (Stephen Pound). He tells us that we must live in the real world. With the greatest respect to him, no one, but no one, is living in the real world more than the people of Northern Ireland. We must tell the Government that, many times, they seem to be sleepwalking. They are not facing the realities of the situation. They are not part of the real world whenever they make demands and requests of members of the Unionist community or the nationalist community who have suffered grievously under all acts of terrorism.

The hon. Gentleman said that we must move away from the sad past to a peaceful situation. Again, I say to him genuinely that there is no one who wants to see Northern Ireland in a peaceful and prosperous state more than the Unionist Members here today, and the Unionist family completely. We genuinely want Northern Ireland to move into a peaceful state, but the reality of the situation is that yesterday, a bomb was being prepared in the constituency of my hon. Friend the Member for Upper Bann (David Simpson), in Lurgan, by the republican movement. In the constituency of Foyle, a few days before that, once again there was a primed bomb ready and activated to carry out a dastardly deed—certainly, we believe, of destruction and we were told by

[Dr. McCrea]

the police that it would have brought forth the reality of murder, had it gone off. That is the reality of the situation, and we close our eyes to it if we do not face that.

Stephen Pound: I read the details of the discovery in Lurgan with great interest. Does the hon. Gentleman not accept that the point is that those suspected of preparing that lethal device were identified by the headline of "dissident republicans"—the very people who are trying to stop other republicans taking part in the democratic process? Does his argument not support my thesis that it is better to have people in Stormont than in a lock-up in Lurgan?

Dr. McCrea: I thank the hon. Gentleman for his intervention, but people in Northern Ireland know fine well that the title of "dissident republican" has been used to cover a number of sins. In the case of some of the actions in the past, we have known that the dissidents have been working hand in glove with the provisionals. In that situation, we have got to ask ourselves, when does that title mean dissident and when does it mean something else? We know that, in certain parts of the Province, no dissident could do anything if the provisionals did not agree with it being done. They would not survive without that agreement, because the provisionals have a wonderful way of ensuring that people do not undertake action on their territory if they do not want them to do so. That has been proved in the past. We have to look at a situation in which neither the Police Service of Northern Ireland, nor the Garda from the Irish Republic, have stated with certainty what happened in the murder of Denis Donaldson, which could have been the act of the Provisional IRA.

Yes, people can have a past. But the reality is that there has been no remorse—or no expression of remorse—from those persons who have been actively engaged, right up to the present time, in murderous activity. This House is being asked to give credence to someone who in actual fact has planned the murder—not only given credence to, but actually could have planned the murder—of police officers or members of the security forces. We are being asked to give credence to making them Minister for policing or justice. That is without any expression of remorse, regret or any other thing.

A Provisional IRA member was caught red-handed a few days ago, but then, of course, the provisionals stated that they did not send him out and that he did not go with their agreement. Now they are trying to say, "Oh well, it wasn't approved by the army council." That is very interesting, because the IRA's last act before it started its supposed ceasefire was to be the murder of my wife, my children and myself—that was its last hooray. The next morning the ceasefire was declared. Those responsible have never been brought to justice—those who shot at my home, which was riddled by 60 bullets from an AK47, and directly at my daughter of seven years of age. Nobody has been brought to justice. What did the IRA say? The persons were not acting with their approval. Now, that would have been very nice if they had been carrying my wife and my children down the road in coffins. I would have been greatly encouraged if the act had not been approved.

With the greatest respect, the hon. Member for Ealing, North and the House cannot understand the depths of what the past 35 years have done to the people of Northern Ireland. To sweep it away and put in control of policing or justice in Northern Ireland someone who not only agreed with murderous intent, but was an active participant in it, would be an absolute insult, as well as injury, to the people of Northern Ireland. I am sure that nobody, but nobody, on the Government Benches would ever suggest that a member of al-Qaeda or those responsible for 7/7 in the city of London would be at any time a suitable person to be Home Secretary, put in the Home Office, or put over the police. We must especially bear it in mind that these people will not even be asked to support the police, or give a pledge of their support of the security forces.

I must say something to the hon. Member for Foyle (Mark Durkan) about people disagreeing with certain police decisions about a parade. When he talked about an attack on the police, he gave the impression that the attack came simply from the loyalist community. Talk about a revision of facts. Whenever there have been Unionist and loyalist parades, constant attacks have come directly from the republican community. There is a vast difference between disagreeing with a police decision in a peaceful manner, even if that involves stepping aside from the district policing partnership, and allowing there to be someone over the police who does not support them and has actively participated in campaigning against them and actively supported a campaign of murder against them. Trying to equate those two things pushes matters beyond the realms of what I can accept.

Mark Durkan: I assure the hon. Gentleman that I was not trying to equate those two things in any way. However, I was pointing out that the language used in the amendment tabled by the hon. Member for North Down (Lady Hermon) could give rise to questions about other incidents. I further make the point that attacks made on the police by republicans—as the hon. Gentleman says—in the context of parades have always been fully, totally and properly condemned by the Social Democratic and Labour party.

Dr. McCrea: With the greatest respect, I would prefer it if we did not necessarily go down that road. I remember sitting in a meeting of Magherafelt district council many years ago on the night of the Warrenpoint bombing, in which 19 soldiers were murdered, when a member of the hon. Gentleman's party, who is no longer with us, stated—this is in the minutes of the council, so the hon. Gentleman can check it—that he would shed no tears over them. I think that that person regretted saying that afterwards, so I will not attribute that opinion to the SDLP in general, or try to paint everyone in the SDLP as black, but the words were said.

Members of the Ulster Unionist party, the Democratic Unionist party and, indeed, members of the SDLP—namely, Mr. Attwood—have condemned many of the actions of the police in the past and disagreed with them, but that does not mean that they have given credence to terrorism, or that they should be brought into question as if they were somehow to be equated with persons who were actually evil participants in the murder and destruction of members of the police or the security forces.

The hon. Member for Ealing, North said that Sinn Fein-IRA said that the war was over. The person who said those words denied that he was a member of the IRA army council. After denying for 30 years that he and Martin McGuinness were members of the army council, he told the community that they had resigned from it. With the greatest respect, one cannot resign from something if one was not a member. We are led to believe by those fanciful words that the war is over. Let me make it clear to the House that the IRA did not change its policy because it had a change of heart—9/11 changed Sinn Fein-IRA policy. It could not go back to what it knew best, because the international community would not allow that to happen, so it had a good dose of reality.

2.45 pm

To this day, the structures of terrorism are in place, and individuals who could be in office accepted those structures. The structures of the grouping that murdered people for 35 years are still in existence. Someone can demand that they remain in place but, at the same time, they could be the Minister of justice or of policing. No one can ride two horses at once, and the reality is that terrorism, whether by the loyalist community or the Unionist community, is terrorism, and must be condemned unreservedly. I do so in the House without equivocation. Any Minister who takes such a role must not only condemn terrorism but give unreserved support to the forces of law and order who go out to sacrifice themselves in the defence of the freedoms of that community.

Sammy Wilson: We have gone over the issue a great deal, but I should like to take up a couple of points made by the hon. Members for Ealing, North (Stephen Pound) and for Foyle (Mark Durkan). There has been an attempt to use passion to cover up the lack of logic on the part of some Members who argued against a perfectly reasonable amendment. The hon. Member for North Down (Lady Hermon) is asking for two things: first, anyone who is in charge of policing in Northern Ireland should not have a serious criminal record and, secondly, they should be prepared to support the police service, and give public expression to that support. I do not know why that generated so much opposition, as both requirements are logical.

The hon. Member for Ealing, North said that there were two reasons why he could not support the amendment. He said that we should not confuse the past with the present—just because someone has a past, that does not mean that they cannot have a present or a future. He may have stolen those words from the previous leader of the party of the hon. Member for North Down. On the issue of whether having a past disqualifies someone for office, I believe that it is difficult for someone with such a record to be in charge of policing or to have any credibility in such a role. Setting that aside, proposed paragraph (b) requires Ministers in charge of the police service to give support at the present time to that service. I do not see why that should create a problem. How could anyone say, "I wish to be in charge of policing in Northern Ireland, but by the way, I am so suspicious of the police service, or I have such antipathy towards it because of its past record, that I could not make a declaration of support for it"? There is no logic in that. The hon. Member for Ealing, North must have understood that, so he became quite passionate, to overcome the lack of logic in the position that he had adopted.

The hon. Gentleman asked what it would take to make a member of Sinn Fein acceptable as Justice Minister. Let me tell him. I shall give some recent examples of the practical implications of not supporting the police service. A young girl from England, walking home late one night in west Belfast last summer, was raped by three fellows. They videoed it on her phone and sent the pictures to her mother in England. Sinn Fein would not encourage the people who had witnessed that event to give evidence to the police. What would it take? It would take members of that party at least to have enough willingness to support the police to encourage their constituents and those who look up to them to give evidence.

What would it take? The hon. Member for Ealing, North has sat in a Northern Ireland Committee and listened to some of the evidence given about organised crime in Northern Ireland. When the police raid the home of someone who has hidden £600,000 under hay bales and hidden evidence of his fuel laundering and smuggling, it would take Conor Murphy and Gerry Adams not to attack the police for raiding the home of someone who is only a poor republican farmer and who supports the police process—the implied threat being that by raiding that home, the police are disturbing the chance of peace in Northern Ireland. That is what it would take.

What would it take? Let me tell the hon. Member for Ealing, North. I serve on Belfast city council. Every year the police give awards for a rambling scheme. When it comes to allowing council facilities to be used to give out those awards, Sinn Fein's opposition to the police requires them to vote against that every time. I am not talking about an individual member of a party. I am talking about the collective attitude of Sinn Fein towards the police. If the hon. Gentleman believes that some member of a party which adopts that attitude towards the police is fit to be in charge of the police and to stand up in the Northern Ireland Assembly and defend the police, answer questions about the police and explain police operations, there is no logic in that. I hope the hon. Gentleman will rethink his position.

I think the hon. Member for Foyle was having an experience similar to the experience that the Minister had yesterday, when he was trying to explain the circumstances in which the Secretary of State might refuse to allow the electoral officer to hold an additional canvass. He scratched around for reasons, and he came up with two—yesterday, the Minister came up with three, but they were no more convincing than the two that we have heard today.

The first reason was, "We do not believe in building in a vetting requirement." I have pointed out that SDLP members on the Policing Board believe that the members of lowly district policing partnerships should be vetted. The Policing Board has a vetting procedure, which SDLP members argued for furiously. The code of conduct will require people on the Policing Board to have due regard to equality and diversity requirements. That means that even if someone expresses in a private

[Sammy Wilson]

capacity a religious belief deemed to be against equality and diversity requirements, they cannot sit on the Policing Board. Do not tell me about vetting.

Mark Durkan: I have never said that the SDLP has no time for vetting of any kind. In negotiating the agreement, it was clear that the appointment would be made by the d'Hondt system with no qualifications or vetting by any other parties, but the amendment would go against that aspect of the agreement. I also point out to the hon. Gentleman that the agreement included a pledge of office, and that we have said that we would look again at the pledge of office, including in relation to policing.

Sammy Wilson: I thank the hon. Gentleman for that clarification. I did not realise that my argument had such force, but perhaps he is coming round to our point of view.

Mark Durkan: I assure the hon. Gentleman that the record of our submissions to the review of the workings of the Good Friday agreement in 2004 shows that we made it clear that the terms of the pledge of office might need to be looked at. We also made that point as far back as 2003, when the question of the devolution of justice and policing came up—at that point, it was agreed that a series of arrangements needed to be looked at before that issue could be examined.

Sammy Wilson: The hon. Member for North Down (Lady Hermon) has given the hon. Gentleman the opportunity to move in that direction by including in her amendment a requirement that those who take on the role of policing and justice Ministers must pledge to support the institutions which they are going to govern.

The second argument advanced by the hon. Gentleman—that the amendment could have unforeseen applications—was as weak as his first. The hon. Gentleman did not let the Minister off with weak examples yesterday, but the only example of an unforeseen application that he could provide was that the Ulster Unionist party in Belfast has withdrawn from the DPP, which could be interpreted as not supporting the police. I will not defend the UUP, because the hon. Member for North Down is quite capable of doing so, but by no stretch of the imagination could that example be described as not supporting the police in the same way as Sinn Fein members do not support the police.

We will support the amendment, despite the lack of consistency—the position is no more or less important than any other office in an Executive in the Assembly, and the provision should apply to all Ministers and all ministerial posts. At least the amendment is a start, and when we discuss the pledge of office, hopefully the hon. Member for Foyle and his party will have changed their position sufficiently to include the provision in all pledges of office for Ministers in any Executive in Northern Ireland.

Mr. Hanson: I thank hon. Members for their powerful contributions to the debate. I particularly appreciate the comments made by the hon. Members for Belfast, East (Mr. Robinson), for Strangford (Mrs. Robinson), for South Antrim (Dr. McCrea) and for East Antrim (Sammy Wilson). They put their case powerfully; I cannot in any circumstances understand the difficulties that they and their constituents have faced.

3 pm

I shall not condone or defend the actions that hon. Members have described. Indeed, I condemn them with every fibre of my body. Terrorist activities—such as the cowardly attack against the family of the hon. Member for South Antrim—need to be, and will be, condemned by me from this Dispatch Box on behalf of the Government. I will not condone or support any of the actions that have been mentioned, because they are intolerable and incompatible with a democratic society and with the values that we hold dear in this House.

I understand the sentiments expressed by the hon. Members for North Down (Lady Hermon) and for Tewkesbury (Mr. Robertson). Support for law and order authorities and the rule of law are fundamental to democracy and to the good working of the Assembly in having control of policing and criminal justice in future. Nevertheless, I cannot support their amendments, for reasons that I hope to explain in clarifying the Government's view.

Amendment No. 31 states:

"No person shall be appointed as Minister or Junior Minister"—

in a Department responsible for criminal justice and policing if they have—

"been convicted of a criminal offence and had a sentence of imprisonment imposed whether suspended or not".

I understand why the hon. Member for North Down tabled the amendment, but I cannot support it. In the House of Commons, the disqualification arrangements for ministerial office are broadly the same as in the Northern Ireland Assembly. In this House, a person who is detained in prison for a year or more is automatically disqualified from membership of the House and therefore from holding office for the period of his or her detention. Section 36(4) of the Northern Ireland Act 1998 provides that a person is similarly disqualified from the Assembly if he or she would be disqualified from the House of Commons. I can see no good reason to bar an individual in Northern Ireland from holding ministerial posts on the basis of any criminal conviction or to depart from the Westminster model.

I do not wish in any way, shape or form to equate the situation in South Africa, for example, with that in Northern Ireland. However, my hon. Friend the Member for Ealing, North (Stephen Pound) pointed to three or four examples of individuals who have served criminal sentences in jurisdictions and who have gone on to serve their nation with distinction because, however much we may dislike the views that they express, they have ultimately, just like the hon. Member for South Antrim, had crosses put by their names on ballot papers by individuals in their communities. That is the test of democracy. They are in those Chambers with the legitimacy of those crosses, even if they have had convictions in the past for events that were, by any stretch of the imagination, intolerable at that time.

If we introduce special provisions on disqualification relating to the Northern Ireland Assembly, they will not apply in the House of Commons. When I researched the

amendment, I found, surprising as it may seem, that a Home Secretary of today could have a past conviction. Provided that they are not in jail now, they could serve as Home Secretary. Likewise, no such provisions for disqualification apply in the Scottish Parliament and Welsh Assembly. Although there are special and difficult circumstances in Northern Ireland, to introduce that condition would disqualify individuals on the basis of their past sentences, not on the basis of where they may be currently. Indeed, there may be Members of the House who currently could not serve in a Northern Ireland Executive because of the disqualification for which the amendment provides. That is unacceptable and generally unfair to society.

Secondly, I believe that the protections for which the 1998 Act provides are sufficient. The hon. Member for Foyle mentioned the pledge of office. As hon. Members know, all Ministers in the Northern Ireland Assembly must affirm it before taking up their posts. It already requires them to make a commitment to non-violence and exclusively peaceful and democratic means. The hon. Members for Tewkesbury and for Lagan Valley (Mr. Donaldson) also referred to the pledge of office. The protection of exclusively peaceful and democratic means already exists.

If that were not enough, amendments to the 1998 Act to facilitate consideration of Independent Monitoring Commission recommendations provide sufficient safeguards when Ministers and parties fail to observe the pledge of office. Hon. Members know that if the IMC reports that activity of a criminal nature has taken place, it can be debated in the Assembly. Safeguards therefore exist for Ministers and the Assembly.

Lady Hermon: It is nice to see you in the Chair this afternoon, Sir Michael. I am grateful to the Minister for taking an early intervention.

Will the Minister explain what appears to be an absurdity in the Bill? Clause 8 provides that the chief electoral officer can be dismissed for having a criminal conviction, yet we have a lacuna whereby a Minister of justice or policing cannot be dismissed or disqualified if that individual has a criminal conviction. Will the Minister reconcile those irreconcilable facts?

Mr. Hanson: Let me say again that, whatever the opinions of individual hon. Members—and we all have our disagreements—I believe that if a person has a cross put next to their name and sufficient support to take up a place in a Chamber, whether it is this Chamber, the Welsh Assembly, the Northern Ireland Assembly, the Scottish Parliament or the European Parliament, provided they are not serving a prison sentence, it gives them the legitimacy to enter that Chamber, and, if they have majority support, to hold office. That may be distasteful. There are some people whom I would not wish to see walking through the door into the Chamber—[HON. MEMBERS: "Who?"] There are all sorts of individuals whom I could cite as an answer. However, those who walk into the Chamber do that because people have put crosses next to their names on ballot papers. That could be distasteful because they had committed horrendous acts in the past, including such acts as those that the hon. Member for South Antrim described. They are painful for him—it is painful to listen to their description—and for the community that he represents. However, the cross on the ballot paper confers legitimacy.

Mr. Peter Robinson: Would you make such a person Home Secretary?

Mr. Hanson: I am making the point that a previous conviction does not bar an individual from holding office. A Prime Minister's judgment when deciding to appoint a Home Secretary could be a matter of concern.

Mrs. Iris Robinson: The Minister talks about recognising a mandate. When we were elected to the Northern Ireland Assembly in 1998, our mandate was for a no vote against the Assembly being up and running. We were treated appallingly, for example, by not being given Executive papers, simply because we voted no. Our mandate was not recognised. We were treated like lepers and demonised as being against peace simply because we said no. How does the Minister reconcile our treatment with being so flexible with Sinn Fein/IRA at every turn?

Mr. Hanson: I am not being flexible with Sinn Fein or the IRA. If the matters that we are discussing are devolved in due course, there will be a triple lock. Devolution will happen only when the Assembly votes for it on a cross-community basis. After that, the Secretary of State for Northern Ireland must agree with the vote and, subsequently, the House of Commons must vote for it. In the meantime, I do not believe that the amendment should be accepted and applied if an individual is nominated to the position of criminal justice Minister. Nor do I believe that any past criminal convictions should be material to the exercise of a person's function now, for the reasons that the hon. Member for Foyle mentioned.

This is a difficult issue. I have listened with passion to the points made by my hon. Friend—if I may call him that—the Member for South Antrim, and I cannot imagine facing such situations in my daily life, with my children facing machine gun bullets from an IRA terrorist. Having said that, should we bar someone who received a conviction 20 or 30 years ago from holding office? I believe that the rules that apply to the House of Commons should be the rules that apply to the Assembly.

Mr. Laurence Robertson: The Minister has centred on the first part of the hon. Lady's amendment. I take it that he will come to its second part and, indeed, to my amendment. When he does so, will he tell the Committee whether he would be happy to have a Minister in charge of the police—given the crucial role that they play in any society—who did not recognise the legitimacy of that police force?

Mr. Hanson: I want Sinn Fein to take part in the Policing Board and play a role in policing. I want to see that support for policing in the community.

Mr. Peter Robinson: It is one thing for the Minister to say that the rules that apply in the House of Commons should apply in the Northern Ireland Assembly. If everything was standing on all fours, that would be a

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sound argument to make. However, that is not the case. The Executive here are formed by means of a voluntary coalition. The Executive that will be formed in Northern Ireland will be a mandatory coalition under the Belfast agreement proposals, and under any other proposals that the Government have considered. On that basis, there will be no Prime Minister choosing the suitability of individuals. As the hon. Member for Foyle (Mark Durkan) has said, they will not be vetted in any way, so there will not be a similar set of circumstances, and that is why the conditions set out in the amendments must be applied.

Mr. Hanson: I understand that point, but I stick to the principle that the cross on the ballot paper provides the legitimacy for a person to walk into a Chamber, and in my view the rules of this House should be applied separately.

Hon. Members have raised points about the rule of law. Of course we wish to see the rule of law upheld. If the hon. Members for North Down and for Tewkesbury seek confirmation from the Government that the police service deserves full support from all quarters in Northern Ireland, of course I will say that it does, and of course the rule of law should be upheld. The answer to that is unquestionably yes. However, I must say, with respect to the hon. Member for Tewkesbury, that to impose a legal requirement for a person to support law enforcement organisations, in whatever circumstances, or face expulsion from political office will give rise to problems. I do not wish to fetter Ministers in the future.

Let me give the hon. Gentleman some examples. In regard to the separation of executive functions and operational independence, the Minister responsible for a police force has to be able to offer constructive criticism on the appropriate occasions to members of that police force. In addition, the Minister might have to consider appeals against decisions made by the Chief Constable or other members of the police force. That is the case with medical and firearms appeals, and a declaration of the kind that the hon. Gentleman seeks, giving full support to the police service, would be incompatible with the requirement for the Minister to act impartially on such issues.

Lorely Burt: The Minister seems to be giving the second part of the amendment some credibility. However, the situation in Northern Ireland is clearly not the same as that in England. Given that the people of Northern Ireland have a history of worrying about involvement in policing, and given the lack of involvement by certain parties, does not the Minister agree that it would give a great deal of reassurance to vast numbers of people if the person responsible for policing had overtly given their support for the whole policing system?

Mr. Hanson: I am grateful to the hon. Lady for her contribution. If we reach the stage whereby policing is devolved to the Northern Ireland Assembly, by the Assembly voting for it, the Secretary of State agreeing to it and this House voting for it, the situation will have arisen in which political parties in Northern Ireland are supporting policing. That will provide the confidence to undertake that.

I do not believe that the amendments will achieve their intended objectives.

3.15 pm

Mr. Laurence Robertson: I simply do not believe that the Minister has given an adequate explanation of why anyone would not want to support the police. Why on earth should they not want to do so? Can he give one reason?

Mr. Hanson: I have tried to say to the hon. Gentleman that support for policing is important and fundamental. On occasions, however, my right hon. Friend the Home Secretary will not support the police. As a Minister, he will take decisions that override the requests or decisions of the police.

Mr. Robertson: It is not about that.

Mr. Hanson: The hon. Gentleman says that it is not about that, but that is the effect of his amendment. Any Minister with responsibility for police should support the rule of law and law and order. The amendment, however, will ensure not just that, but will fetter the independence and management of the police service by Ministers.

I understand why the amendments have been tabled. Despite the passion expressed by hon. Members, whom I thank for sharing their experiences with the House, I am not able to accept the amendments. If they are not withdrawn, I will have to urge my hon. Friends to vote against them.

Lady Hermon: The Minister will not be surprised to learn that I am not prepared to withdraw the amendments. I am disappointed with his woefully inadequate response to the significant points made by many Members in this lengthy debate.

I am sure that the Minister is aware that all police officers in Northern Ireland must make a pledge when they become serving constables. That pledge is in statutory form—it is in the Police (Northern Ireland) Act 2000. Every constable must declare and affirm that they will

"faithfully discharge the duties of the office of constable, with fairness, integrity, diligence and impartiality, upholding fundamental human rights and ... to the best of my skill and knowledge discharge all the duties thereof according to law."

If that is the requirement that the office of a constable must undertake, it is shocking that the Minister found himself unable to support the amendment this afternoon.

It is inconceivable to me and fellow Unionists that the Minister found himself unable to accept that those with a criminal conviction might well have been responsible for the murder not just of one police officer—let us remind ourselves that 302 police officers have been murdered in Northern Ireland. Does he honestly believe that it will inspire confidence and instil trust within the police service if a Minister cannot make a declaration in public of his or her support for the Police Service of Northern Ireland? Likewise, will it inspire trust and

confidence that those with a string of convictions can hold important ministerial posts as Ministers with responsibility for policing or for justice, either at six-monthly intervals or acting jointly? The answer is undoubtedly no. I therefore want to press the amendment to the vote.

Question put, That the amendment be made:—

The Committee divided: Ayes 130, Noes 293.

Division No. 212] **[3.19 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Bellingham, Mr. Henry
Bercow, John
Binley, Mr. Brian
Brady, Mr. Graham
Brazier, Mr. Julian
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Forth, rh Mr. Eric
Francois, Mr. Mark
Fraser, Mr. Christopher
Gauke, Mr. David
Gibb, Mr. Nick
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Green, Damian
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jones, Mr. David
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lancaster, Mr. Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Paice, Mr. James
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Shapps, Grant
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spring, Mr. Richard
Steen, Mr. Anthony
Swire, Mr. Hugo
Taylor, Mr. Ian
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas

Tellers for the Ayes: Andrew Selous and Mr. Tobias Ellwood

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Battle, rh John
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Bread, Mr. Colin
Brooke, Annette
Brown, Mr. Russell
Browne, Mr. Jeremy
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Burstow, Mr. Paul
Burt, Lorely
Byrne, Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Featherstone, Lynne
Field, rh Mr. Frank
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, Mr. David
Harris, Dr. Evan
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Holmes, Paul
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, David

Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hulme, Chris
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kestch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Murphy, Mr. Denis
Murphy, Mr. Jim
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Pugh, John
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Slaughter, Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Teather, Sarah
Thornberry, Emily
Timms, Mr. Stephen
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Willis, Mr. Phil
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Parmjit Dhanda and
Mr. Alan Campbell

Question accordingly negatived.

Lorely Burt: I beg to move amendment No. 8, in page 14, line 24, at end insert—

'(8) The Secretary of State shall not lay an Order under section 4(2) in relation to any matter which is specified in any of paragraphs 9 to 12, 14A and 15A and 17 of Schedule 3 unless—

(a) a period of two years has passed since a restoration order was made under section 2(2) of the Northern Ireland Act 2000; and

(b) he is satisfied that the Assembly is stable and secure.'.

This is essentially a probing amendment. We hope that the Government will give us appropriate reassurances that the devolution of policing and justice functions to the Assembly will not occur until that body is on a secure footing.

We hope that the Government will not misinterpret the intentions behind the amendment. The Liberal Democrat party is a devolutionist party, and our policy for a number of years has been that policing and justice functions should be devolved to the Assembly. We generally welcome part 5, but the importance of policing to society was shown clearly in the previous debate, so we must be careful about when, and under what circumstances, those functions are devolved.

The Northern Ireland Assembly has been suspended for three and a half years. In the period between the elections of 1998 and the beginning of the current suspension in October 2002, the Assembly went through a stop-start process, with various periods of suspension. Even when it was functioning, there were several crises involving the resignations of First Ministers and Deputy First Ministers.

Given that instability, it would be wrong to devolve policing and justice functions to the Assembly. We cannot allow something as important as policing to be devolved to an Administration that does not look as though it will stand the test of time. It would be disastrous for policing to be in the hands of an Assembly Minister one week and the responsibility of a Minister in Westminster the next. Of all the areas of life for which Parliament is responsible, policing is one of the most fundamental.

We recognise that the amendment may not be perfect, but hope that the Minister will be able to give some reassurance when he responds. It is relatively simple and provides that the Secretary of State could not lay an order before Parliament to devolve any policing or justice functions to the Assembly unless two conditions were fulfilled.

The first condition is that the Assembly must have been up and running for a continuous period of two years. We chose that length of time because it was mentioned by the Prime Minister and the Taoiseach in the proposals for the comprehensive agreement in 2004.

The second condition is that the Secretary of State must be

"satisfied that the Assembly is stable and secure."

I realise that defining "stable and secure" is difficult, but I suggest to the Committee that we will know that the state has been reached when we see it. However, it would be helpful for the Minister to describe the factors that he will take into consideration when the time comes to lay an order before Parliament to devolve policing functions to the Assembly.

As I said, this is essentially a probing amendment. We hope that the Minister will be able to reassure us on the matter.

Mr. Hanson: I am grateful to the hon. Member for Solihull (Lorely Burt) for moving the amendment. I share her concern, in the sense that the conditions should be right before the devolution of policing and criminal justice functions takes place but, with all due respect, her amendment applies a precondition that is not necessary. We have already put in place secure processes to ensure that, should devolution take place, it does so with the support of a range of bodies and institutions. Under the terms of section 4 of the Northern Ireland Act 1998, policing and justice will not be devolved until the triple lock, as we have termed it, is in place. The first element of the lock is that the Assembly itself must vote on a cross-community basis for such devolution before it can take place, so in the first instance, the ball is firmly in the Assembly's court. On the Assembly's not being "stable", as her amendment describes it—it remains to be seen how we define that—she will doubtless recognise that the Assembly would want to devolve policing and criminal justice only on the basis of cross-community confidence in such devolution.

The hon. Lady has witnessed today the great strength of feeling that exists in all parts of the Committee on several issues appertaining to building the confidence that will allow policing and criminal justice to be devolved. The Assembly itself must first have such confidence. Secondly, the then Secretary of State for Northern Ireland must agree to introducing the relevant order in this House; in other words, the British Government must first take into consideration the Assembly's stability, safety and security. Finally, the House of Commons must vote in favour of the transfer order before the devolution of policing and criminal justice can become a reality.

With due respect to the hon. Lady, the two-year period to which her amendment refers would prove arbitrary. The Assembly, the Secretary of State and the House of Commons could support such devolution as soon as this December, following the Assembly's restoration—we hope—on 24 November at the latest. Alternatively, such support could be forthcoming in one, two or five years' time. Establishing an arbitrary limit of two years would not add anything of substance to the safeguards.

As the hon. Lady herself seemed to recognise, every lawyer in the United Kingdom would find it difficult to define the phrase "stable and secure". The use of such a phrase would not help the Secretary of State in reaching a judgment on the timing of devolution, with which section 4(2) of the 1998 Act already deals. I accept that her objectives are sound—she wants to ensure a "stable and secure" environment before such devolution takes place—but her amendment would add nothing to the Bill. I therefore hope that she will reflect on my comments and withdraw it.

Lorely Burt: I am very grateful to the Minister for his comments and I have taken on board the points that he made. Given the power and passion demonstrated on both sides of the argument this afternoon, two years could well be an optimistic assessment of the period required, but we shall see. Although we reserve the right to reintroduce it at a later stage, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 19 ordered to stand part of the Bill.

Schedule 2

DEPARTMENT WITH POLICING AND JUSTICE FUNCTIONS

Lorely Burt: I beg to move amendment No. 9, in page 25, line 34, leave out from 'passed' to end of line 38 and insert 'with cross-community support.'.

The Second Deputy Chairman of Ways and Means (Sir Michael Lord): With this it will be convenient to discuss amendment No. 10, in page 28, line 29, leave out from 'passed' to end of line 33 and insert 'with cross-community support.'.

Lorely Burt: These are essentially probing amendments. Schedule 2 requires that a nomination to the ministerial department with policing and justice functions must be approved by a cross-community vote of the Assembly—a vote in which a majority of Unionists, a majority of nationalists and a majority of all Assembly Members approve the appointment. However, by virtue of the Good Friday agreement and the Northern Ireland Act 1998, there are two ways in which a cross-community vote can be achieved. The first is the 50:50:50 method, outlined in the Bill, while the second requires that the vote be approved by 40 per cent. of Unionists, 40 per cent. of nationalists and 60 per cent. overall of Assembly Members voting.

3.45 pm

The first method of achieving a cross-community vote was designated in the 1998 Act to approve the appointment of the First Minister and the Deputy First Minister. As we have seen, there were difficulties in achieving a vote on that basis. Can the Minister confirm that it is the Government's sincere intention to use that type of cross-community vote when the Assembly asks that policing and justice issues be devolved to it? If so, can he explain why that version was chosen, rather than simply using the wording

"a vote with cross-community support"

as set out in our amendment, leaving the Assembly with the flexibility to achieve such a vote by either method?

Mr. Hanson: As the hon. Member for Solihull (Lorely Burt) mentioned, the Bill specifies that the 50:50:50 procedure should be used. We chose that method because we felt that the procedure for taking

[Mr. Hanson]

office in the case of the Minister for criminal justice and policing had in more common with that of the First Minister and the Deputy First Minister than any other Department. Correspondingly, the requirement for cross-community support should be reflected in the method of election.

I am reasonably flexible in the matter. Although 50:50:50 was our original choice, the amendment would mean that there were two methods. I have not discussed the election of a criminal justice Minister with any of the parties in Northern Ireland to take their views about what would be acceptable to the Assembly, but I am reasonably content to look into that possibility.

Mark Durkan: I encourage the Minister in that flexibility. The only effect of the provisions as they stand would be that Sinn Fein and the Democratic Unionist party would have an absolute lock on the appointment of policing and justice Ministers. If d'Hondt is not used, only Sinn Fein and the DUP, through the office of the First and Deputy First Minister, will have control of nominations. If the Minister relies only on the parallel consent form of approval, Sinn Fein and the DUP alone will control the election to those posts—hardly the spirit of inclusion, with no side deals and prior agreements, about which we are being told.

Mr. Hanson: I am grateful to my hon. Friend for that intervention.

I understand the Assembly's desire to choose the method it wants, or that the Government should specify both methods. We have chosen 50:50:50 because we recognise that there is a correspondence, in a general sense, with the posts of First Minister and Deputy First Minister but, as I said to the hon. Member for Solihull, I am relatively flexible about the matter.

If it is helpful to the hon. Lady, I shall be happy to reflect on the proposal and discuss with the political parties whether they want to consider an alternative method. If she pushes the amendment to a vote, I shall have to ask my hon. Friends to reject it, but if she withdraws it I shall reflect on what has been said, which will be subject to discussion on another day in another place.

Lorely Burt: I am grateful to the Minister for those comments and in view of the fact that he has agreed to reflect on the matter, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Schedule 2 agreed to.

Clause 20 ordered to stand part of the Bill.

Clause 21

PROVISION FOR TRANSFER OF FUNCTIONS RELATING TO EXTRADITION ETC.

Lady Hermon: I beg to move amendment No. 32, in page 15, line 25, at end add—

'(4A) No recommendation shall be made to Her Majesty to make an order under this section unless the Assembly has passed with cross-community support a resolution praying that the relevant function be transferred to a Minister or a Northern Ireland Department.'.

I am pleased to speak in support of the amendment and I am sure that other hon. Members will also support it. We have moved on to the very interesting and vexed issue of extradition. Of course, I say "vexed issue", because if we had had easier and more co-operative procedures between the Republic of Ireland and America in the past, we might not have had such difficulty with the ghastly, horrible measure referred to as the OTRs—on-the-runs—legislation. However, that has now been withdrawn, and we are where we are.

Clause 21 states:

"Her Majesty may by Order in Council"—

again, by delegated legislation—

"make provision amending ... the Crime (International Co-operation) Act 2003; or ... the Extradition Act 2003, for the purpose of transferring to a Minister or a Northern Ireland department, with effect from any date specified in the Order, any relevant function under the Act."

Under that drafting, whether we like it or not, the Government may transfer extradition functions to the Assembly. The purpose of the amendment is to include the requirement that no such recommendation will be made by Order in Council

"unless the Assembly has passed with cross-community support"—

for once this afternoon, I hope that the Liberal Democrat spokesperson will support the amendment, because it refers to cross-community support—a resolution praying that extradition be transferred to a Department or Minister.

Mr. Hanson: I am grateful to the hon. Lady for giving way so early in her argument. I want to reassure her that the Government's intention is not to transfer and devolve extradition legislation and policy to the Northern Ireland Assembly. The clause deals with the devolution of certain administrative functions in the exercise of a UK-wide extradition legislation policy.

Lady Hermon: That was as clear as mud. Perhaps when the Minister makes his contribution—

Mr. Hanson *rose*—

Lady Hermon: If the Minister wants to intervene to clarify what he has just said, it would be hugely enlightening.

Mr. Hanson: I am sorry that the hon. Lady found my explanation as clear as mud. It was meant to be helpful to her. UK extradition policy remains a UK responsibility. Legislation remains a matter for the House. The policy will be the same in Belfast as it is in north Wales, Liverpool and elsewhere in the UK. Certain administrative functions that relate to a range of matters that are currently devolved to the Assembly may be devolved under the Bill to help the administration of that legislation, but not to change the legislation itself.

Lady Hermon: That is much clearer than the earlier little dose of mud that was delivered to the Committee. I appreciate the second, much better intervention by the Minister.

Given that extradition policy will remain primarily or exclusively a matter for Westminster, that the United Kingdom will be treated as a whole and that no special

arrangements will prevail in Northern Ireland, I wonder what negotiations have taken place and what efforts have been made by the Government to ensure the full implementation of the new extradition arrangements between America and the United Kingdom as a whole that were agreed between the Prime Minister and President Bush in March 2003.

Following the appalling events in New York and the massive loss of life in 2001, a new arrangement was made between the British and American Governments that extradition procedures would be changed, so that a prima facie case did not have to be made either in the British courts by the Americans. Likewise, the reciprocal basis should be that the British Government need not make a prima facie case before an American court to extradite an individual.

Since the Minister has assured us that extradition remains primarily or exclusively a matter for Parliament in London, will he enlighten us about why the Irish-American lobby in America, vast as it is, has been able to prevail on the American Government to ensure that the reciprocal part of the arrangement entered into in March 2003 has not been implemented in America, whereas the British Government have honourably implemented their part of the arrangement?

Mr. Hanson: I am grateful to the hon. Lady for raising the matter. I hope that my muddy explanation helped, at least in part. As I have said to her, the Government believe that it is important to maintain a single legislative framework for international co-operation between criminal justice agencies and for extradition arrangements throughout the United Kingdom. For that reason and for the reason that I mentioned in my intervention, the provision does not transfer any legislative competence from this House to the Northern Ireland Assembly for these matters of extradition. Nor do we intend to do so in any future devolution under section 4(2) of the Northern Ireland Act 1998.

Instead, the provision is in place to allow Northern Ireland Ministers to assume direct responsibility for those administrative functions that fall directly within their control and which they are best placed to carry out. It may be helpful if I give the hon. Lady an example in relation to Scotland, where criminal justice and policing are the devolved responsibility of the Scottish Parliament. Under the Extradition Act 2003, a guarantee may be needed about the future treatment in custody of an individual being extradited to the UK jurisdiction. In England and Wales, that guarantee will currently be given by my right hon. Friend the Home Secretary on behalf of the British Government. In Scotland, because justice matters are devolved and the Scottish Parliament has taken responsibility for them, it will have to be responsible for any guarantees. At the point in the future when the Northern Ireland Assembly assumes responsibility for criminal justice and policing, there may be areas of administration where guarantees are required under legislation and a British Government Home Secretary cannot not give them because, for example, the Court Service and the Prison Service are devolved matters in Northern Ireland.

The legislation framework is a UK framework, which I think is the point that the hon. Lady is most concerned about. That will remain paramount and that is the responsibility of this House, for the United Kingdom as a whole, under its international obligations. However, as now happens in Scotland, the administration of certain aspects of the implementation or operation of the legislation will be the responsibility of the devolved Administration. The purpose of clause 21 is to allow the administrative functions that can be transferred to be transferred, where it is appropriate to do so—at the moment, I do not know all the details of when that might be. When the functions are entitled to be transferred, the Bill will give us the power to do that, without diluting in any way, shape or form the UK responsibility for extradition and for those matters that the hon. Lady remains concerned about.

The hon. Lady mentioned the extradition treaty, which, as she said, is not yet in force. Some of its provisions were given effect in UK legislation by the Extradition Act 2003, which came into force on 1 January 2004. For the treaty to come into effect, it needs to secure the advice and consent of the United States Senate Foreign Relations Committee. As a Government, we are urging very strongly that that be considered at the earliest opportunity. Obviously, she will understand that it is not within my gift to ensure that a separate legislature, particularly in America, can agree that matter very quickly, but it is the Government's certain intention to ensure that the treaty comes into effect. Once the United States and the United Kingdom have exchanged the instruments of ratification, the treaty will come into force. I hope that that will happen as soon as possible. I hope that I can reassure the hon. Lady by saying that it is the Government's intention to make sure that it does. She will know that, in this House, Select Committees take their time to examine issues. The same thing happens in the United States Senate, but I am confident that this matter will be resolved speedily and I hope that that reassures her on both counts.

Lady Hermon: I accept the Minister's first point that the Government do not intend to transfer any extradition policy to the Northern Ireland Assembly. I tabled the amendment because I wanted such clarification, so he has reassured me.

4 pm

I am rather hesitant to accept the assurance on the second point, however. It has already been pointed out that the British Government have implemented their part of the new extradition arrangements with America in that white-collar workers and executives who are being investigated by the American authorities for criminal offences of a commercial nature have been extradited to America without a prima facie case being made against them. I refer the Minister to an interesting article that was published not so long ago in a newspaper that he perhaps occasionally reads—*The Guardian*. On 15 December 2005, a certain Larry Elliot—he is not a constituent, so I have no personal axe to grind—wrote:

> "America's decision not to make the agreement reciprocal followed pressure from the powerful Irish-American lobby, which feared that Britain might try to extradite republican sympathisers."

Although I accept that the Minister cannot influence an American Committee or a different jurisdiction, extradition is in the Bill and is thus a legitimate matter

[Lady Hermon]

to raise. Individuals who committed the most heinous crimes in Northern Ireland are still on the run in America, enjoying their freedom. They have never faced the courts. I urge the Minister to have a quiet, dignified word with the Home Secretary to ensure that there is no blockage at all to the reciprocal arrangements.

Mr. Hanson: I assure the hon. Lady that my right hon. Friends the Home Secretary and the Attorney-General are, as they say in common parlance, on the case. They raised the issue with the United States Attorney-General at the G8 meeting in Sheffield last summer. The US Senate's Foreign Relations Committee met in November 2005 to examine the matter and plans to hold another hearing shortly. The Home Secretary raised the matter again this year with Alberto Gonzales, the US Attorney-General, and we are keen to get it resolved as a matter of urgency. Whatever delays are occurring, they are not delays on the part of the British Government.

Lady Hermon: I am genuinely grateful to the Minister for that intervention, which was much more helpful than his earlier comments. It gave me the reassurance that I needed on both points, so I am happy to beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clauses 21 and 22 ordered to stand part of the Bill.

New Clause 6

POLICE SERVICE NORTHERN IRELAND
50–50 RECRUITMENT POLICY

'The following provisions of the Police (Northern Ireland) Act 2000 (c. 32) are repealed—

(a) subsections (5), (6) and (7) of subsection 44 (pools of applicants);

(b) section 46 (discrimination in appointments); and

(c) subsection (1)(a), (b), (c) and (e) of section 47 (temporary provisions).'.—*[Mr. Peter Robinson.]*

Brought up, and read the First time.

Mr. Peter Robinson: I beg to move, That the clause be read a Second time.

The Second Deputy Chairman: With this it will be convenient to discuss the following:

New clause 7—*Repeal of temporary provisions about quotas, etc*—

'(1) The following provisions of the Police (Northern Ireland) Act 2000 (c. 32) are repealed—

(a) section 44(5), (6) and (7) (pools of applicants);

(b) section 46 (discrimination in appointments); and

(c) section 47(1)(a), (b), (c) and (e) (temporary provisions).

(2) For section 2 of the Police (Northern Ireland) Act 2000 (Renewal of Temporary Provisions) Order 2004 (2004 No. 114) substitute—

"(2) Section 45 of the Police (Northern Ireland) Act 2000, which is in force on 29th March 2004 shall continue in force for the period beginning 30th March 2004 and ending 28th March 2007."'.

New clause 8—*Equality of Opportunity*—

'(1) Section 48 of the Police (Northern Ireland) Act 2000 (action plans) is amended as follows.

(2) In subsection (1) for "women" substitute "Roman Catholics, women, ethnic minorities and other social groups".

(3) In subsection (2) for "women" substitute "Roman Catholics, women, ethnic minorities and other social groups".'.

Mr. Robinson: New clause 6 relates to the recruitment policy of the Police Service of Northern Ireland and, especially, its discriminatory 50:50 recruitment policy. I state on behalf of all my colleagues on these Benches that we want the best of our citizens in Northern Ireland in the ranks of the PSNI, irrespective of their religious or community background. We want the composition of the PSNI to reflect our whole community, and to represent both its religious groups and the smaller ethnic groups. It adopted its present policy because of the low numbers of Roman Catholic recruits in the past years and decades to the PSNI and, before that, the Royal Ulster Constabulary. That was a direct result of the activities of the Irish Republican Army, which targeted Roman Catholics, who were less likely to apply to, and join, the RUC. Happily, many of them defied the terrorists and became members of the RUC, many of them serving in high-ranking posts with considerable bravery and distinction.

Discrimination is wrong. It is offensive, and it is against European human rights legislation, but it is authorised in recruitment to the PSNI. Some people may describe it as positive or benign discrimination, but it is still discrimination. Hundreds of fully qualified Protestants have been denied employment on the basis of their religion simply because there has not been a corresponding uptake from the Catholic community. The 50:50 recruitment policy requires a 50 per cent. intake from the Roman Catholic community and a 50 per cent. intake not just from the Protestant community—the largest community in Northern Ireland—but from all other non-Christian and ethnic groups. On 12 October 2005, the Secretary of State revealed in response to a question from my hon. Friend the Member for East Londonderry (Mr. Campbell) that of the 4,413 applicants from the Protestant community who were considered suitably qualified to hold a post only 972 were appointed. That is a success rate of only 20 per cent. for applicants from a Protestant background. Of the 1,568 Roman Catholic applicants, however, 991 were successful, which is a success rate of over 60 per cent. To be successful in gaining admittance to the PSNI merit pool, non-Roman Catholic applicants were expected to score an average of 59 marks or 84 per cent., whereas Roman Catholic applicants were expected to score an average of 43 marks or 62 per cent. in the examination. It is entirely unacceptable that non-Roman Catholic applicants should be expected to score an average of 22 per cent. more than Roman Catholic applicants to gain access to a merit pool, in which Roman Catholic applicants are over three times more likely to be successful in achieving selection.

As Roman Catholic recruits do not need to score as highly as their non-Roman Catholic counterparts, there is a valid charge that less qualified Roman Catholic recruits have been successful while than their non-Roman Catholic counterparts have not, even though they achieved a much higher score. That creates the

impression in the community that police officers working in the area are not there because of their ability to do the job but simply because of their religious background. That does not help increase the community's confidence in the effectiveness of the PSNI. The Government are prepared to introduce legislation to increase the number of recruits from the Roman Catholic community, but as non-Christians and ethnic minorities are classed alongside Protestant applicants, there is clear discrimination against both Protestant applicants and individuals from ethnic minority backgrounds. At a time when race hate crimes are increasing in Northern Ireland, the Government should be doing more to encourage members of ethnic minorities in Northern Ireland to join the PSNI.

The imbalance in the RUC was mainly the result of intimidation of Roman Catholic recruits by the IRA. Applications from the Roman Catholic community were shown to rise from 11 per cent. to 22 per cent.—double—after the first IRA ceasefire, without any anti-discriminatory legislation being put in place. It is therefore clear that it was the removal of the threat against those applicants, rather than any unfair recruitment policies, that brought about a significant increase in applications.

The Patten commission took no heed of that fact in its report. It is inconceivable that anyone who was taking a serious look at the reasons behind the community imbalance in the RUC could have ignored the No. 1 reason why Roman Catholics were not joining. That meant that Patten was taking no account of the effect that the removal of that threat would have upon applications to the police.

Catholics had shown that they had the opportunity to rise through the ranks of the RUC—16 per cent. at very senior officer level were Roman Catholic. People simply want more officers on the street. They do not care what religion they come from or what their background may be. They simply want the best qualified officers who are best able to do the job of tackling crime.

Although the scheme is designed to encourage Catholic participation in the police, the operation of the scheme is alienating many young Protestants, who are told that they are of the wrong community background to get a job in policing. There is a danger that in trying to solve one problem, 50:50 recruiting will end up creating another. Every Member from Northern Ireland has had experience of this with the young people in their constituency.

The money being used to administer such official discrimination could be better spent on front-line policing services in Northern Ireland. While direct rule Ministers constantly lecture the people of Northern Ireland about paying their own way, the Government are spending huge amounts of money on a discriminatory scheme. In recent weeks there was much publicity about the problems surrounding the provision of a new police training college in Northern Ireland. We are told that there is a lack of funding available to help build that college, and that it may be necessary to look for foreign investment to build it. At the same time we are spending millions of pounds enforcing the 50:50 recruitment scheme. The Government could help deliver world- class police training facilities, rather than enforcing discrimination in Northern Ireland.

The former vice-chairman of the Policing Board admitted that 50:50 recruitment to the PSNI is an "aberration" and said that

"it should be got rid of as soon as possible".

Those comments by the Roman Catholic former vice-chairman of the Policing Board were supported not just by members of the Unionist community, but by the Alliance party, which does not support mechanisms that run contrary to human rights norms. It has recognised that the imposition of 50:50 recruitment has promoted division and led to more distrust in the police among various communities.

It is somewhat ironic that the Police Service of Northern Ireland is supposed to be one of the police forces most trained in human rights. We are told that the PSNI is a world leader in this area. However, it would seem that human rights become important within the PSNI only when people have been successful in joining the service. The human rights of those who are unfortunate enough to be rejected on the grounds of their religion are ignored. Recruitment levels in the PSNI have ensured that the membership of the force from the Roman Catholic community is around 30 per cent. It is expected that by the time the review takes place, it will be around 40 per cent., in line with the percentage of the population that is from the Roman Catholic community.

When he responds to the debate, will the Minister give a clear commitment that at the time of the review, if not immediately, the 50:50 recruitment policy will cease, and that the Government will recognise that they cannot continue with a policy that sets quotas for those who will get jobs in Northern Ireland, which is contrary to any human rights norm anywhere in the civilised world?

Mr. Eddie McGrady (South Down) (SDLP): The subject of 50:50 recruitment is very emotive, but it must be put into a particular context. The hon. Member for Belfast, East (Mr. Robinson) has said that the recruitment of members of the Catholic community to the then RUC was prohibited by the IRA, but that ignores the fact that before the campaign of violence by the IRA, the number of Catholics in the RUC was very small and totally disproportionate to the community structure.

4.15 pm

I say to those who favour the abolition of 50:50 recruitment that before the IRA's campaign of violence, there was a chill factor in the Catholic community, which believed that the RUC was a Protestant police force for a Protestant Parliament for a Protestant people. The Patten investigation into how the police in Northern Ireland could be fully supported by both communities and proportionately represented by both communities led to 50:50 recruitment, but it was not the only body to make that suggestion. In its third report on 8 July 1998, the Northern Ireland Affairs Committee stated:

"As the RUC's figures show, without some radical change in the force it will take a generation to redress the religious imbalance."

Lady Hermon: Will the hon. Gentleman reflect on the impact of the rule imposed not by the Unionist parties

[Lady Hermon]

or the RUC, but by the Gaelic Athletic Association, which excluded from any of its sports those who courageously joined the Royal Ulster Constabulary?

Mr. McGrady: I am sorry, but I did not catch the kernel of the hon. Lady's question.

Lady Hermon: I am grateful to the hon. Gentleman for asking for clarification. He has referred to "a chill factor", but a huge chill factor was generated by the GAA in discriminating against those who courageously joined the RUC to follow a career in policing. Will he comment on the effect of the GAA rule?

Mr. McGrady: That was GAA rule 21, which was ignored in practice. The GAA did not and does not reflect the Catholic population—it is a sector of it.

Irrespective of that issue, I have described the attitude of the Catholic communities in Northern Ireland. In March 2001, Catholic representation in the regular officer corps was 8.3 per cent. The current figure is more than 19 per cent. That is a good increase following the application of the 50:50 rule.

I can understand the problem that that appears to create for the Protestant community, but I hope that they would agree that the relatively huge, if not yet proportionate, increase in the Catholic population within the new PSNI is giving a new dimension to policing right across the communities. That support from the Catholic community is increasing daily as its members gain confidence in enlisting for the new police service.

Mr. Gregory Campbell: Does the hon. Gentleman accept that the changes in the composition of the police that he is describing would be occurring anyway because of the greater influx of applicants from the Roman Catholic community? We do not need this false 50:50 rule to bring about a change that is occurring naturally in the absence of an IRA campaign of intimidation against those who join.

Mr. McGrady: Between 2001 and 2003, the percentage increased from just over 8 per cent. to about 20 per cent. That was brought about primarily by the application of Patten, including the 50:50 recruitment policy, and people wishing to leave the service. How could the huge imbalance of the Catholic population in the police service have been addressed without radical action? It would take generations of natural wastage, and as a community we could not afford to wait for that to happen

There is an insinuation that inferior candidates have qualified for the PSNI and are now on the streets as police officers. That is completely incorrect. Every new recruit who becomes a police officer in the PSNI is fully qualified in every respect. The PSNI has the highest standards in terms of the quality of recruits, whether Catholic, Protestant or neither, and that is reflected in the high success rate of its officers.

Mr. Peter Robinson: Will the hon. Gentleman nevertheless accept that some serving police officers are less qualified than those who have been refused admittance to the force?

Mr. McGrady: There is a small element of that, but it is a price worth paying for getting a first-class service that is representative of all communities.

The figures show that 3,879 suitably qualified candidates were rejected, but only 440 to 540 were rejected because of 50:50, depending on which tranche it was. It was nothing to do with whether the applicants were Catholic or Protestant. Following over-subscription by highly qualified young people from our community, those numbers of suitably qualified candidates did not get positions because there simply were not the positions for them. A small element of that may have been discriminatory against Protestants.

Dr. McCrea: If the hon. Gentleman is correct in saying that the best persons are getting the posts because they are the best persons, what is the need for 50:50?

Mr. McGrady: The 50:50 rule is there for the obvious reason that we must ensure that the Catholic population, which the hon. Gentleman must admit was grossly under-represented, is represented within a reasonable time frame. The figure has reached about 20 per cent. According to Patten, the 50:50 rule was to continue until about 30 per cent. of regular officers were from the Catholic community. At the current rate, it will take approximately four or five years—perhaps to the end of the fiscal year 2010–11—to achieve that 30 per cent. The Catholic population is much more than 30 per cent. but the 50:50 rule will be re-examined at that point.

Ulster Unionist and Democratic Unionist Members have made much of the apparently huge discrimination against young Protestant men and women who apply to the PSNI. That is not happening. There is some disadvantage but it is much less than hon. Members make out. Surely even UUP and DUP Members want a police service in Northern Ireland that reflects both communities and is endorsed and fully supported by them. If we want to achieve that in a reasonable time frame, there appears to be no other way of doing so.

There had to be a derogation from the European convention on human rights because of the marginal element of discrimination. However, I emphasise that it is a small element in the total rejections, and that can be proved. In accepting the slight element, we achieve the much greater benefit, even though some have made a sacrifice, of a police service that is fully representative of and fully supported by the communities so that, for the first time, young police officers can reside in some Catholic communities, just as they are returning to reside in some Protestant communities.

Dr. McCrea: Does the hon. Gentleman understand what he is saying? He says that there is discrimination against those who should have, as a right, the ability to join the forces of law and order. He underestimates the hurt that that causes. Their religious persuasion is the only reason why they are being refused. If that was happening to his friends, he would not be happy about it.

Mr. McGrady: The point is that they are not being discriminated against because they are Protestants but

because of the application of the 50:50 rule, which is trying to achieve an overall balance and equality between the communities. If we went for the hon. Gentleman's suggestion, the inequality between the communities would be perpetuated. *[Interruption.]* I know that I am repeating myself, but if hon. Members genuinely want a police service for Northern Ireland that reflects the best of our young men and women from both communities, they should not pursue the amendments. Accepting them would mean that the whole matter would stop dead in its tracks. That is not the way forward. I ask them sincerely to accept the marginal disadvantage to a small number of people, difficult as it may be, as the price for the greater prize of a totally acceptable police force.

I can say nothing more. Statistics can prove anything—they are everywhere—but the application of the 50:50 rule is achieving, on target, what was accepted from the Patten recommendations. It will be successful if it is allowed to continue and is supported by the DUP and the UUP. I should like to believe that that will happen. Otherwise, the position will become entrenched again and we will make no progress.

4.30 pm

Mrs. Iris Robinson: I think that the hon. Gentleman is a little guilty of rewriting history. Does he accept that in the past, Roman Catholics have not been encouraged to participate in anything to do with Crown forces? Does he also accept that if Roman Catholics did apply to join the RUC, they immediately became a target for terrorist groups and even had to forgo visiting their families if they joined? This is not about deliberate discrimination against the Roman Catholic community. That community excluded itself from joining the RUC for many years.

Mr. McGrady: I understand what the hon. Lady is saying, but she must accept that I have never heard anyone in my community being discouraged from joining the RUC, the Army or anything else.

Mrs. Robinson: I have.

Mr. McGrady: It might happen, but not where I live in my community. The fact is that, whether hon. Members like it or not, the RUC was seen to be a police force that was almost in opposition to the Catholic community. I do not want to quote history or statistics, but for goodness' sake, let us remember what happened in Bombay street and Hooker street at the start of the troubles in Belfast—*[Interruption.]* They wiped out Catholic streets one after the other—*[Interruption.]*

The First Deputy Chairman of Ways and Means (Sylvia Heal): Order. If hon. Members wish to make comments, perhaps they could do so by making interventions rather than by calling across the Chamber.

Mr. McGrady: We can use statistics whenever we like, but we want to achieve a balanced, supported police service in Northern Ireland and take a new, vigorous step forward. We are achieving an enormous amount of change. One of the alternative proposals at the time was the total abolition of the RUC, followed by recruitment into a new police force. That was seen—correctly, in my opinion—to be unacceptable, but it was totally understandable. Instead of choosing total abolition, we decided to let the RUC continue, and to apply the 50:50 rule on the basis that it would result in an acceleration of recruitment from the Catholic community to the police service. I believe that that arrangement has served the community very well. We can make political points about it and quote statistics, but the reality is that both communities are now providing good, well-qualified young men and women who will serve our communities for years to come. When they have gone up through the ranks and achieved greater qualifications and experience, we will have a police service that is second to none, as we have now.

I would ask hon. Members not to support the proposals from the DUP and the UUP for the total abolition of the 50:50 arrangement. If we want a new police service of the kind that I have tried to articulate, we should not support the new clause; it would represent a totally retrograde step.

Mr. Gregory Campbell: I rise to support the new clause. It is difficult to overestimate the degree of anger and outright antagonism that exists within my community towards the 50:50 arrangement. The term "50:50" is, as my hon. Friend the Member for Belfast, East (Mr. Robinson) has suggested, a misnomer, because we are actually seeing a minority of Protestants being recruited. More Catholics than Protestants are now being recruited to the police in Northern Ireland, but people use the term "50:50" as a kind of shorthand for that.

It is difficult to overestimate the degree of anguish that exists in my community as a result of this arrangement. It is not, as the hon. Member for South Down (Mr. McGrady) suggested, a minor aberration. Several thousand people have now received a letter thanking them for applying to join the police, and telling them that, although they are suitably qualified to be a police officer, the bottom line is that, because of the 50:50 scenario, they have been unsuccessful in this tranche of applications because they are of the wrong religion.

Mark Durkan: The hon. Gentleman has just told the House that thousands of applicants have received letters saying that they were unsuccessful because of the 50:50 policy. The fact is that out of 3,879 candidates who were not recruited, only 541—not thousands—failed because of the 50:50 policy.

Mr. Campbell: I thank the hon. Gentleman for that inaccurate information. The figures that he mentions are for one tranche. Thousands of people have applied and have got a letter indicating that they have been unsuccessful due to the 50:50 policy.

Mr. Donaldson: We can trade statistics back and forth across the House, but we are dealing with human beings. I, like other right hon. and hon. Members on this side of the House, have had young Protestant men and women in my office, some in tears, because they have been denied the opportunity of a career simply because of the church that they go to on a Sunday. That should not be

[Mr. Donaldson]

acceptable in any society. Surely, eight years on from the Belfast agreement, we should be moving to appointment and recruitment on the basis of merit alone.

Mr. Campbell: I thank my hon. Friend for that point. In all the history of Northern Ireland, in which many difficulties have been and are still being encountered today, many Roman Catholics experienced difficulties from their community in relation to being recruited to the police or, having been recruited to the police, experienced difficulties in their family or social life. There was never a time, however, when a person from the nationalist community was told, in the police or in any other branch of public service, that they would not be successful in applying on the grounds of their religion. In the history of Northern Ireland, that never happened to Roman Catholics, but it is happening currently—*[Laughter.]* It never happened, under any circumstances, and I defy anyone—

Dr. McCrea: The sneers and laughs of the hon. Members for Belfast, South (Dr. McDonnell) and for Foyle (Mark Durkan) belie the fact that they have the opportunity to give us the evidence rather than pretending to the House that any Roman Catholic received a letter saying that they were denied a position in the RUC because of their religion.

Mr. Campbell: Indeed, that is the case.

Rev. Ian Paisley: We have listened to arguments from the other side, and we must be frank: the Roman Catholic population never supported young men joining the RUC. I represent a wide Roman Catholic community in North Antrim. When a young man joined the police, he was visited, and his parents were told that he was never again to be allowed to stand in his own home. I have accompanied fathers and mothers who had to travel from one end of North Antrim to the other to be allowed to meet their son in peace. What was the crime of their son? He had become a member of the Royal Ulster Constabulary. I could name scores of other such incidents. The statement that the Roman Catholic population did not object to people joining the RUC is wrong—

The Chairman: Order. The right hon. Gentleman knows that interventions must be brief. He has made his point.

Rev. Ian Paisley: All I would say is—

The Chairman: Order.

Mr. Campbell: I concur fully with the remarks of my right hon. Friend.

At the moment, in 2006, several hundred additional applications for places in the police from both communities are required. Therefore, there is no need for the systematic exclusion of some people on the grounds of religion.

If I wanted to, I could refer to the Grand Committee in which, two weeks ago, the hon. Member for South Down (Mr. McGrady) praised other parts of the public sector in Northern Ireland, such as the Northern Ireland Housing Executive, where the Protestant community is under-represented. But I do not demand a 50:50 recruitment policy to redress the problems in that organisation. Whatever the problems of recent years in the public sector—in the Child Support Agency, the Housing Executive or the civil service—we do not demand a 50:50 recruitment policy to deal with them.

Dr. McCrea: If my hon. Friend did demand that a proper proportion of the Protestant population be represented in the Housing Executive, would he expect the backing of the hon. Members for Foyle (Mark Durkan), for South Down (Mr. McGrady) and for Belfast, South (Dr. McDonnell)?

Mr. Campbell: I would imagine, consistency being the keynote, that members of the SDLP would rush to the ramparts to demand 50:50 recruitment—but I think that the silence would be deafening.

I implore Members to view this issue in terms of human rights and the equity of the present position. As I have said, in 2006 there are hundreds more applications to the Police Service of Northern Ireland than are required. There are hundreds more sufficiently qualified personnel from both communities than are required. There is no need and no requirement to discriminate systematically against people on grounds of their religion, because we have suitably qualified people from both communities. We should abandon this preposterous, unacceptable, inequitable, iniquitous 50:50 regime.

Mark Durkan: A number of false claims and arguments about 50:50 recruitment have been presented on a number of occasions. One claim that has frequently been made is that it is not working, but it is. The application rate for Catholics is 35 per cent., and, contrary to another claim that is often made, there have always been enough suitably qualified candidates to fill the quota.

As my hon. Friend the Member for South Down (Mr. McGrady) has pointed out, the number of Catholics in the police service has already increased from 8.3 per cent. to more than 19 per cent., and later this year it will exceed 20 per cent. By 2010, according to Patten's projection, it will have reached 30 per cent. I hope that that success story encourages others to join the police service, not just Catholics but Protestants, in the knowledge that they are entering the service free from the perception that they are Protestants in a Protestant police service. The change in complexion and concept created by the 50:50 policy is there for all serving officers, not just the new Catholic officers but Protestants as well. People from all sections of the community can respect them as having been appointed on the basis of their vocational commitment to provide a policing service for the whole of that community.

Lady Hermon: Will the hon. Gentleman reflect on the impression created by the discriminatory 50:50 procedure? It can always be cast at Catholic

recruits that they are only there because of their religion. Does the hon. Gentleman not accept that that is enormously demeaning for good Catholic recruits?

Mark Durkan: The fact is that everyone who is recruited to the Police Service of Northern Ireland is suitably qualified, because all candidates have to be suitably qualified.

Hon. Members need to remember that the 50:50 recruitment policy was introduced in the context of the Patten report and a commission that looked into the question of how to create a new beginning for policing in Northern Ireland. Among other things, the commission might have had to consider the total disbandment of the Royal Ulster Constabulary as a way of creating the new beginning so that we started recruiting with a blank page.

4.45 pm

The decision was made that it would be wrong to move to the point of disbandment and to appoint and recruit afresh, even though some people argued for that. A decision was made to retain a large number of officers in an unrepresentative force. That is the first decision that we need to remember. If we were going to argue for open recruitment and fairness and that everything should be done on merit, we could have said, "Everyone out, it is now open recruitment; it is now open sky." For a variety of reasons, clearly that was not favoured. So 50:50 recruitment and the creation of turnover by offering severance packages to serving officers alongside the retention of thousands of serving officers who were overwhelmingly Protestant was a compromise package.

Hon. Members should remember that under Patten, after 10 years, we do not have Catholics over-represented in the Police Service of Northern Ireland; we will still have Catholics under-represented at 30 per cent. So people need to get some sense of perspective on the real import of 50:50 recruitment.

Mrs. Iris Robinson: I can take the hon. Gentleman's passion for fairness, equality and non-discrimination, but I have not heard too much noise from his party when discrimination has continued to be practised in quangos across Northern Ireland. I have not heard calls for proper representation of Protestants on those quangos.

Mark Durkan: The hon. Lady suggests that we are not concerned about under-representation of the Protestant community, but my party has always stood for strong anti-discrimination legislation, and we supported the creation of the Equality Commission and the Fair Employment Commission. The fair employment laws have acted to assist Protestants when they have been discriminated against and encouraged and assisted a variety of employers to improve the representation of Protestants in their work force. They have helped to improve the representation of Catholics in a series of work forces as well. For that reason, the Fair Employment Commission, the fair employment laws and the Equality Commission have always been opposed by the Democratic Unionist party. The party has opposed every measure aimed at fair employment and every counter-discrimination measure.

The First Deputy Chairman: Order. There has been a reasonable exchange on that point. Can we now perhaps concentrate on the recruitment policies of the police service?

Mark Durkan: Thank you, Mrs. Heal. I began by saying that a number of false claims had been made. One of those false claims was made by the hon. Member for East Derry earlier. He said that thousands of people were rejected—

Mr. Peter Robinson: On a point of order, Mrs. Heal. Is it in order for the hon. Gentleman to make up the name of a constituency? My hon. Friend the Member for East Londonderry (Mr. Campbell) represents East Londonderry, not East Derry.

The First Deputy Chairman: I understand the point that the hon. Gentleman makes, but I do not think that it is a point of order for the Chair.

Mark Durkan: The hon. Gentleman said in his earlier remarks that thousands of people were rejected as a result of 50:50, but the figures from eight tranches of recruitment show that only 541 people were rejected as a result of 50:50 out of a total of 3,879 who were rejected. The great thing is that we had 3,879 people applying alongside the other people who were accepted. That in itself shows the change that we have achieved in the concept of policing.

It also needs to be remembered that, as a result of the opportunities created by the Patten reforms, we have more young Protestants being recruited to the police service year on year than happened in the years before Patten and the 50:50 policy. The Minister may be able to give us the relevant figures later when he contributes to the debate, but the numbers of young Protestants recruited to the police service in the years preceding Patten and the 50:50 policy were far lower than the numbers of young Protestants now being recruited to the Police Service of Northern Ireland. People need to get that into perspective and context. The DUP opposed the Patten changes because it wanted to retain the old RUC and personnel as it was. If it had had its way the number of young Protestants who are now applying to and succeeding in joining the police would not be what it is.

Mr. Dodds: The hon. Gentleman attempts to defend the indefensible. His hon. Friend the Member for South Down (Mr. McGrady) admitted that there was discrimination, describing it as marginal. Is the hon. Gentleman effectively saying that there is an acceptable level of discrimination when it comes to the Police Service of Northern Ireland?

Mark Durkan: The hon. Gentleman is arguing that there is discrimination. We have also been told that the policy breaches human rights. Let us remember that a legal challenge was brought against the 50:50 policy on human rights grounds and it failed in the High Court.

Mr. Peter Robinson: Does the hon. Gentleman accept that the Government had to get a derogation from human rights legislation to continue with this policy?

Mark Durkan: The Government succeeded in getting that derogation and it is not the only derogation that

[Mark Durkan]

there has been. If people want to take the challenge to the European Court of Human Rights in Strasbourg, they can. We believe that it would not succeed, just as it did not succeed in the High Court in Northern Ireland. It would be to the benefit of Members to know that the Northern Ireland Human Rights Commission has also declared that 50:50 does not breach human rights legislation. *[Interruption.]* I am quoting the Northern Ireland Human Rights Commission.

In relation to the derogation, it needs to be remembered too that the European Union in an employment directive has accepted that 50:50 is an acceptable and proper policy. It understands the context in which the policy is being applied and recognises the other choices that might have been made to achieve a more equal and representative police service. It knows what the aim and purpose are, what the context is and what the compromise choice was.

Dr. McCrea: Does the hon. Gentleman therefore disagree with his colleague the hon. Member for South Down (Mr. McGrady) that there is some limited discrimination?

Mark Durkan: My hon. Friend justified 50:50, as I do, knowing that it creates some painful instances. A young Protestant would-be recruit in my constituency spoke to me with great emotion and to great effect on the issue. I know that it is difficult and hard. When choosing between a 50:50 policy on top of retaining the thousands of people who were retained from the old RUC, and total disbandment followed by total recruitment on merit, it is not so perverse or cruel to opt for 50:50 as people are suggesting.

It is certainly not leading to one-sided recruitment, or to a police service in which the Catholic community is over-represented. Under the Patten recommendations, the 50:50 approach was expected to mean that, even by 2010 or 2011, only 30 per cent. of the PSNI would be made up by members of the Catholic community. They accept that, which shows a degree of fairness, openness and realism on their part. Moreover, the fact that the Catholic community, in the context of the new beginning to policing, is able to extend acceptance and accessibility to all members of the PSNI, regardless of their community background, is a source of hope and encouragement for us all.

We must also remember that, thanks to the work of the Policing Board, recruitment rates are even higher than recommended by Patten. More Catholics are joining the PSNI than Patten envisaged, but more Protestants are doing so too. We need to look at overall recruitment levels again, and not focus only on what can be achieved under the 50:50 policy.

The Patten recommendations suggested that 340 new recruits, from both the Catholic and Protestant communities, would join the police every year, but the actual recruitment level is higher, having reached as many as 540 in one year. That shows that the chances of joining the police have improved for everyone, including young Protestants. Of course, the critics of 50:50 never admit that there has been a real step change in the numbers of young Protestants being recruited into the police every year.

The quota is vital to achieving a sense of equal access and acceptability in policing. Reference has been made to what were called the historic or residual factors contributing to the long-standing Catholic under-representation in the old RUC. Whether one puts the so-called "chill factor" down to the perception in the Catholic community that the old RUC was the arm of Unionist state, or to the effects of the GAA's rule 21, it is not surprising that Catholics had little motivation to join the force. The fear factor must also be taken into consideration.

Mr. Peter Robinson: The hon. Gentleman's father served proudly in the RUC, and made a great contribution to the community.

Mark Durkan: That is true: my father served in the RUC as a district inspector. He died before I was a year old, so I have no memory of him, but many people have told me that he was a very good officer. However, I also know that he was that very rare thing in the 1950s and early 1960s—a Catholic police officer at a senior level. Indeed, it was because he was a Catholic, like his predecessor, that he became the district inspector in Armagh. Even then, a person's religion affected their suitability to hold that post. I am not sure whether that helps the hon. Gentleman to make his point, or not.

The RUC's unrepresentative nature meant that it was badly perceived in the Catholic community and that, as a result, it was badly equipped because it was not as accepted and accessible as an effective police service needs to be. Nor was it in any way as considerate or sensitive to the needs and interests of the Catholic community as it should have been.

5 pm

If we want evidence, we need only look to the report of Sir John Stevens, who investigated allegations of a shoot-to-kill policy, poor use of intelligence and refusal to pass on intelligence to enable proper police intervention. His report says that this grossly unrepresentative police force failed to warn nationalists of threats to their lives. He wrote:

> "A further aspect of my enquiry was how the RUC dealt with threat intelligence. This included examination and analysis of RUC records to determine whether both sides of the community were dealt with in equal measure. They were not . . . Nationalists were known to be targeted but were not properly warned or protected."

The report also refers to collusion with loyalist paramilitaries, including the involvement of state agents in murder. Nationalists bore the brunt of that unequal, awful policy. To create confidence in the new beginning to policing, we have to take steps to ensure that nationalists have no cause to say, "Nothing has changed: this is still the same nefarious, one-sided police service that it always was." One dimension of that—

Lady Hermon: I am most grateful to the hon. Gentleman for giving way. He has made a slip of the tongue—at least, I hope that he has—in suggesting that the Stevens inquiry investigated allegations of a shoot-to-kill policy. In fact, the Stalker and Sampson inquiries did so, and both found absolutely no substance for such allegations. I would like the hon. Gentleman to correct that point for the record.

Mark Durkan: I take the hon. Lady's point, in terms of my paying proper attention to my notes, but that should in no way detract from Sir John's findings on the RUC's failure to do its job and warn nationalists of threats to their lives. In the eyes of many nationalists, the RUC's unrepresentative nature is not entirely unrelated to such unresponsiveness. There are certain perceptions of, and feelings about, this issue in the Catholic community, and if we are to achieve the new beginning in policing, we must get beyond those prejudices and confine them to history. The 50:50 recruitment policy, which is only one dimension of the Patten plan, is part of that process. It is helping to change the face of policing, which is for the good of the whole community. Ever increasing numbers are relying on the Police Service of Northern Ireland.

As I have said, we need to view this policy in the context in which it came about. We need to understand that it is working and that, although some aspects of it may be proving painful, many more people are unsuccessful in their candidacy for the police service for reasons other than the 50:50 policy. No one seems to be getting too worried about the other reasons why people are not proving successful.

Members have referred to other forms of employment, and let us be clear about the representation of the two communities in the public service work force. When I was a Minister, we identified an under-representation of Protestant workers in some lower grades of the civil service, and I took action. I acted properly to have that matter addressed, just as I acted properly to try to deal with the under-representation of Catholics in the senior civil service.

We are taking the proper approach, which is why we need strong fair employment measures, but 50:50 has a particular purpose; it is serving that purpose and should not be messed about with, because a much bigger prize could be compromised.

Lorely Burt: I greatly appreciate how sensitive and controversial this issue is. As with many parapets, I put my head above this one with great trepidation, but it is right that I state our point of view.

In his report on policing, Patten planned that the 50:50 recruitment process would take place over 10 years, so we expect the policy to end in 2010. We hope that the devolution of policing functions to the Assembly will have occurred by then and that it will be able to end the 50:50 process of its own volition.

There are some important issues, however, and one group suffering from the policy has not been mentioned this afternoon—people from ethnic minorities.

Lady Hermon: The hon. Lady refers to the Patten report in support of her argument. Will she reflect on the fact that although Patten put human rights at the core of policing, the report nevertheless recommended religious discrimination in police service recruitment? How would she and her Liberal Democrat colleagues reconcile those two irreconcilable factors of the report?

Lorely Burt: Human rights are important and Patten was correct to put them at the core of the report. We have to consider the human rights not only of recruits denied a job due, as the hon. Lady pointed out, to the policy of taking an equal number of people from two religious groups, but of people on the street. The hon. Member for Belfast, East (Mr. Robinson) said that people on the streets do not mind about the background of the policeman standing in front of them, but I have to take issue with that claim, especially in respect of people from ethnic minorities, about whom I am particularly concerned.

The fact that ethnic minorities come within the Protestant 50 per cent. of the recruitment process has taken its toll and affected their chances of being recruited as police officers on the streets of Northern Ireland. Members of the Indian community have told my hon. Friend the Member for Montgomeryshire (Lembit Öpik) that they have been discouraged not only from applying to the police but from reporting hate crimes, because they do not see members of their community in the service taking on board the discrimination they feel and dealing with the crimes that are perpetrated against them. So there are lots of rights to consider, and no one is pretending that the 50:50 policy is fair. I am sure that we all look forward to the end of that policy.

The hon. Member for Foyle (Mark Durkan) referred to some of the statistics. I understand that the Catholic community represents about 44 per cent. of the Northern Ireland community—*[Interruption.]* The hon. Member for Ealing, North (Stephen Pound) suggests that the figure might be higher, but that is the figure that I have and we have been trading figures all afternoon. The point that I am trying to make is that, even if we achieve 30 per cent. by 2010, the Catholic community will still be under-represented, but there will be some sort of critical mass with which people on the streets of Northern Ireland will be a lot more comfortable.

Mr. Gregory Campbell: The hon. Lady referred a moment ago to the human rights of many people in Northern Ireland. Last October, I tabled a parliamentary question about applicants who had been refused jobs in the police. The reply showed that 4,500 Protestants had applied and were regarded as suitably qualified, but that only 970 were successful. Does she therefore accept that the human rights of the 3,500 Protestants who were denied jobs in the police must be considered, as well as those of the wider community?

Lorely Burt: I am grateful to the hon. Gentleman for his intervention. I feel as though I am in the crossfire; I do not want to get caught in it, because the wider issue relates to many tens of thousands of people in Northern Ireland. *[Interruption.]* I beg your pardon, Mrs. Heal. I am trying to address everyone, so I apologise for turning around.

Mark Durkan: There is no statistical complexity. I have figures showing that 541 people were rejected because of the 50:50 policy and that 3,338 people were rejected regardless of the 50:50 policy. We all know that there was a very high number of applications and that far more people applied than there were places, but Unionist Members are trying to imply that all the candidates whose applications failed were rejected because of the 50:50 policy. That is nonsense.

Lorely Burt: I am grateful to the hon. Gentleman for that intervention and to the other hon. Gentlemen for the various statistics that are going to and fro. I still do not think that they detract from my basic argument that, for a short time, the wider community in Northern Ireland must be put before the interests of a certain number of the community. Perhaps some Unionist Members would agree that, if Sinn Fein were to join the Policing Board and actively engage with and support policing structures in Northern Ireland, the need for the policy would soon be ended, because people in the Catholic community would feel much more relaxed about making their applications.

In conclusion, we recognise that the policy is far from ideal. A lot of work needs to be done. However, we must put up with it for a little longer and retain the hope that within a short period—

Mr. Peter Robinson: The hon. Lady says that we must put up with the policy for a little longer. Will she tell us how long? What is the determining factor for her? What is the percentage?

Lorely Burt: As for the time that it will take, regrettably, I have not brought my crystal ball into the Chamber with me this afternoon. As for the percentage, it should be for people who have more knowledge and skill than I have to put a figure on that. Certainly, if we reach 30 per cent. by 2010, we will have achieved a great deal of what the Patten recommendations set out to achieve.

5.15 pm

Lady Hermon: It has been a long and, at times, rather fractious debate, but, at the outset, I want to say that I endorse the remarks made by the hon. Member for Belfast, East (Mr. Robinson) at the beginning of this long discussion. New clauses 6 and 7 are almost identical. New clause 7 stands in my name. I am not going to go over why we should press that to a vote this afternoon, but I would like to pick up on some of the remarks that have been made, particularly those made by the hon. Member for Foyle (Mark Durkan), to which I must admit I took grave exception.

I declare a particular interest in that I am married to a former Chief Constable of the Royal Ulster Constabulary, Sir Jack Hermon. He was the Chief Constable from 1980 until 1989. During that time, we had no ceasefires at all. His deputy Chief Constable and many of his senior officers were of the Roman Catholic faith. They were enormously courageous men, and they were exclusively men, to have taken the risk that their decision to join the police service—the RUC, as it was proudly known—brought not only to them personally, but to their families. It was an onerous responsibility that they undertook with great enthusiasm and dedication.

I must say that I find it utterly reprehensible that the hon. Member for Foyle—perhaps *Hansard* will show that I misheard the latter part of his speech—hinted and suggested, most unfairly and grossly inaccurately, that it may perhaps have been the unrepresentative nature of the RUC that somehow contributed to paramilitary activity by loyalists targeting Catholics.

Mark Durkan *rose—*

Lady Hermon: The hon. Gentleman wishes to correct me; I am most pleased.

Mark Durkan: What I actually said was that in the eyes of many nationalists Sir John Stevens's observation that the RUC was not warning nationalists of threats to them was not unrelated to the unrepresentative nature of the RUC.

Lady Hermon: I thank the hon. Gentleman. I am most grateful. That is on the record for the second time this afternoon.

Mark Durkan: That is not what the hon. Lady said I said.

Lady Hermon: I appreciate the correction, then. *Hansard* will, of course, shed light on all the versions by tomorrow morning.

On 50:50 recruitment, I am staggered that the hon. Gentleman and his colleagues in the Social Democratic and Labour party can come to the House and defend that morally repugnant recruitment procedure for the police. I say that with some exasperation. I have brought a copy of the agreement with me—an agreement that was endorsed and repeatedly quoted by the SDLP, and an agreement for which I was proud to vote in 1998.

One of the reasons why I was proud to vote for the agreement was the assurance that it contains, in black and white—I have not invented this. That agreement was endorsed by thousands of people in referendums both in Northern Ireland and the Republic of Ireland. On page 16, under the heading "Rights, safeguards and equality of opportunity", the agreement states: "The parties"—I understand that the SDLP was a party to the agreement, as was the British Government; we have a Minister present this afternoon—

"affirm ... the right to equal opportunity in all social and economic activity, regardless of class, creed, disability, gender or ethnicity".

The agreement does not say in brackets, "except recruitment to the Police Service". On the contrary, it continues, again on page 16:

"the British Government intends, as a particular priority ... to promote equality of opportunity in relation to religion and political opinion".

That is what I voted for in 1998, as did thousands of people, and the party of the hon. Member for Foyle. I was disgusted, to put it politely, when the British Government—my own Government—legislated to legalise religious discrimination in the recruitment of police officers no later than two years afterwards in the Police (Northern Ireland) Act 2000. The hon. Member for Belfast, East and his colleagues rightly want to abolish section 46 of that Act through new clause 6, and, likewise, I, the hon. Member for North Down, wish to see it abolished.

The Government have pledged to respect human rights and repeatedly tell the country, and say internationally, how much they do so. They say how

much it means to them that the 1997 Labour manifesto included a pledge to make the European convention on human rights part and parcel of our domestic law—I am most grateful that they did so.

The obnoxious 50:50 recruitment procedure, which was legislated for by a British Government after the negotiation of the Belfast agreement and its commitments, was, indeed, tested in the High Court in Belfast some years ago. A young constituent of mine, Mark Parsons, was courageous enough to challenge the legislation. It was not the case that an exemption from the European convention on human rights was negotiated. The court acknowledged that the recruitment procedure was discriminatory and cut right across article 9 of the European convention on human rights, and upheld it only because of its temporary basis. If I remember correctly, that happened three years ago.

The hon. Member for Foyle suggested that if anyone wished to challenge the procedure in Strasbourg, it would be upheld, but that is not the case. The procedure has been in place far too long for it to be temporary. It undermines the Belfast agreement enormously. The Government stand and wring their hands repeatedly and worry about why the Unionist electorate in Northern Ireland has turned against the agreement. It is because of the salami-slicing of everything that was promised to them and, especially, 50:50 recruitment.

Mark Durkan: The hon. Lady has effectively confirmed that the courts in Northern Ireland decided that the 50:50 policy as per Patten was permissible under the European convention on human rights. The policy is not there in perpetuity and its nature is clear. I thank the hon. Lady for clarifying that I was misled on the derogation from the European convention on human rights. The derogation is actually from European employment law, and I mentioned that there is a European Union employment equality directive that covers 50:50.

Lady Hermon: I am reluctant to say that it is absolutely correct that while negotiations on the Police (Northern Ireland) Act 2000—and, perhaps, on the agreement itself—were being undertaken, things were happening behind the back of the then leader of the Ulster Unionist party, the then right hon. Member for Upper Bann. Unbeknown to him, the British Government negotiated in Brussels an exemption from the European Community directives that would have made such discrimination absolutely untenable.

Stephen Pound: The hon. Lady will have heard the wise and humane words of the hon. Member for Solihull (Lorely Burt). Does she accept that a police service should look like the community it serves? There are occasions—in Chicago in the 1920s, in New York in the 1940s and in the Metropolitan police service today—when a quota system must be used, distasteful though it might be, because otherwise the police force will not look like the community it serves. If a force does not look like that community, it cannot—and seldom does—command the respect of the community.

Lady Hermon: Let me respond to the hon. Gentleman with two facts. The Home Secretary appeared as a witness earlier this year before a Select Committee that was examining anti-Semitism. When I asked him whether he supported positive discrimination in England and Wales to make the police service more representative—I am sure that the hon. Member for Ealing, North (Stephen Pound) would wish the police service in London and his constituency to reflect the community he represents, although I do not think that it does at present—he said no. After the House adjourns this evening, the hon. Member for Ealing, North may wish to speak to the Home Secretary about making the police service in London, England and Wales more reflective of the community.

The RUC came through a horrible campaign of violence and intimidation. I repeat that there were 302 dead officers—not just one here or there—in a population of 1.7 million, so there is scarcely a family that is untouched. It is not surprising that the Irish Republican Army and other republican paramilitaries targeted Catholics who chose courageously to join the police service when the Gaelic Athletic Association perpetuated rule 21. The hon. Member for Solihull (Lorely Burt) referred to the Patten report, which recommended that all obstacles to young Catholics, including the GAA rules, should be withdrawn post-haste. The report was issued in 1999 but, if memory serves, the GAA did not withdraw rule 21 until 2005. It did not act speedily, so it is no wonder that the RUC ended up with a particular composition, which was the result, not of discrimination in the ranks, but of the undisguised intimidation and murder of Catholics who joined its forces.

Mr. Donaldson: Will the hon. Lady add to the list of obstacles confronting young Roman Catholics wishing to join the RUC the fact that the then main nationalist party in Northern Ireland refused to support the RUC or to take seats on the police authority? At best, it was ambivalent on the issue of policing.

Lady Hermon: I thank the hon. Gentleman, but I pay tribute to the Social Democratic and Labour party, which at least had the strength of conviction to serve on the Policing Board, albeit belatedly, where it made a valuable contribution. I am grateful that it did so.

I urge the Minister to withdraw an obnoxious recruitment procedure. I have outlined why the hon. Member for Belfast, East, his colleagues and I—the lone ranger for the Ulster Unionist party—oppose the 50:50 recruitment procedure.

Mr. Devine: The Scottish Parliament introduced a 50:50 policy on women MSPs. It was much criticised and regarded as regressive by some, but it has been an amazing success that has made a great contribution to Scottish society. Is it not worth having a 50:50 policy in Northern Ireland?

Lady Hermon: I sigh with exasperation but, personally, I find any form of discrimination morally reprehensible. I shall not endorse the policy. My party, of all parties, needs to recruit more women to its ranks so that they can be elected, but discrimination in any shape or form is abhorrent and repugnant.

Finally, if we reach the new clauses tabled by the hon. Member for Foyle they will appear rather hollow, given his mention of the support given—disgracefully, in my

[Lady Hermon]

view—by the Northern Ireland Human Rights Commission to 50:50 recruitment. If any human rights organisation can sustain legalised religious discrimination, that undermines the confidence, particularly of the Unionist and Protestant community, in anything that it undertakes. It ill becomes the hon. Gentleman to move a new clause later to increase the powers of the Human Rights Commission, when he has just endorsed religious discrimination. I cannot countenance that.

5.30 pm

Rev. Ian Paisley: This has been an important debate, because it has raised issues that needed to be raised and discussed, and still need to be discussed. My party will press the motion.

The Royal Ulster Constabulary, of all people, has been maligned in the debate. I rise because someone must stand up and make it clear that we salute the gallantry, the heroism and the sacrifice of the noble men of the Royal Ulster Constabulary. We also salute their wives and families, because when their husbands went out in the morning, they did not know whether they would return. Sometimes they returned crucified, with part of their limbs cut off by evil men. The time has come for the House to salute the gallantry of members of the RUC and tell the country that we pay them the tribute that needs to be paid to them.

I have listened to the SDLP Members and to their defence of certain things that have been said, but I do not think the people of Northern Ireland will take as infallible what a police officer who was sent over from the Metropolitan police had to say about matters. One has only to look at what happened at that time in Northern Ireland and at some of the exposures that came afterwards to know that he was not a reliable witness.

Today, as we look back, we need to realise that there is no justification for religious discrimination by anyone. It is all very well for SDLP Members to say in the House, "It's only a little thing, and you can forget about it." If that attitude had been taken when they raised matters that were sometimes little things, they would not have had the support of Protestant people who believed that there should not be religious discrimination of any kind.

Ulster stands at a crossroads. The time has come when the people of Ulster should have the opportunity to have full civil and religious liberty for all men—all men equal under the law, all men equally subject to the law. The sooner we achieve that, the better for us all. We surely should be able to unite on that subject. I trust that tonight, when the debate is finished and we push ahead with other matters, we will keep in mind the gallantry and the heroism of those who fought and died to give us the freedom to stand here and say what we can say in a free House and a free Parliament.

Sammy Wilson: This has been a bizarre afternoon. On the previous set of amendments, SDLP Members defended the notion of a Minister for policing and justice who would not give a pledge to support the police. Now the same party is defending overt discrimination against those who apply to join the police. Once again, we have heard the same threadbare arguments. We have been told that 50:50 recruitment is necessary because of the discrimination of the past, despite the fact that there was never a religious bar on people joining the RUC. Indeed, a percentage of places was held over for members of the Catholic community to join the RUC.

I understand why many people did not join the RUC. In the 1970s, I served as a part-time RUC member, and I used to walk the streets with two Catholic RUC members. The family of one of them totally supported his position and his wish to be a policeman, while the other had not seen his family since joining the police—he could not go back, and he told me that he would not go back.

Mr. Devine: The hon. Gentleman said that places were set aside for the Catholic community. Was that not positive discrimination?

Sammy Wilson: No, it was not positive discrimination, because it was not a requirement that a certain number of recruits should come from one section of the community or the other. There was no system to discriminate against recruits, and the arrangement was voluntary.

Mr. Devine: At that time, what percentage of RUC members came from the Catholic community?

Sammy Wilson: That was the start of the troubles, when the percentage of RUC members who were Roman Catholics was in the upper teens. A systematic programme was conducted against those members, many of whom could not go home to their families—many of their families did not want them to go home—which led to a gradual reduction in the number of Catholics in the service. The percentage of Catholics decreased because of the actions of the IRA, which is not a reason to discriminate against Protestants or anyone else who wants to join the police now, but it is one of the justifications used by SDLP Members.

Mr. Devine: As SDLP Members have said, it is a historical problem that needs to be sorted.

Sammy Wilson: I do not know whether the hon. Gentleman was here for the speeches by SDLP Members who said that something within the RUC put people off joining, which was not the case. Now we have instituted an arrangement that discriminates against people from the Protestant community.

Dr. McCrea: Will my hon. Friend confirm that, before 1973, the percentage of Roman Catholics in the Royal Ulster Constabulary was in the high teens? When the IRA campaign took hold, that percentage decreased not because of anything within the RUC, but because of intimidation, murder and threats within the Roman Catholic community.

Sammy Wilson: My hon. Friend's point reflects my experience. The officer I mentioned found that his own family did not want him to return home because of threats and intimidation.

The second argument that has been made concerns the RUC's record. Much has been made of the Stevens inquiry finding on people not being warned that they were on death lists or that terrorist action was going to be taken against them. There are recorded instances of intelligence having been available when someone was under threat and difficult decisions having been made.

That does not apply only to the RUC. All police services that gather intelligence have to make hard decisions at times when a source might be compromised and officers cannot give the warnings that they might have wanted to give. That has placed many officers in difficult positions. However, it is completely wrong to suggest that there was any systematic attempt within the police to withhold information. I often speak to officers who had to make difficult decisions that they have had to live with. That is not a justification for the blackening of the police that has been attempted this afternoon.

Stephen Pound: The overwhelming majority of Members would endorse what the hon. Gentleman says about the Police Service of Northern Ireland—the Royal Ulster Constabulary. At the time of the Patten commission in 1998, fewer than 6 per cent. of the police—I think that it was 5.3 per cent.—were Roman Catholic. Now, the figure is nearly 17 per cent. Surely that proves that positive discrimination was necessary, unpalatable though it may be.

Sammy Wilson: I have already explained why the percentage went down over the period of the troubles. It would have increased anyhow as the troubles diminished.

The hon. Member for Foyle (Mark Durkan) argued that the RUC had to be done away with because, in some cases, warnings were not given. That denigrates officers who did an excellent job over many years of terrorist activity and had to make very difficult decisions that that they will have to live with for a long time. He also suggested that we could have done away with the RUC entirely and started with a clean sheet, and that because we did not do that, 50:50 is justified. Anyone who believes that one day we can have a police service and the next day we can have no police service, and yet still have efficient policing, is living in an Alice in Wonderland world.

Mark Durkan: The hon. Gentleman is referring to my comments about the choices facing the Patten commission, to which several recommendations, proposals and submissions were made by various parties. We did not advocate disbandment to create a new beginning for policing, but that was one of the options canvassed. Patten decided against that. As part of the compromise, a large number of existing officers were retained for the new police service and new recruits were to be appointed on a 50:50 basis.

Sammy Wilson: That was a nonsensical idea. We are already reaping some of the consequences of getting rid of far too many experienced officers in Northern Ireland. The hon. Gentleman's party supported a derogation from 50:50 in order to get more detectives recruited from the mainland because of the skills shortage caused by the limited application of the Patten recommendation.

Mark Durkan: That reinforces what I said earlier—that the DUP opposed the high turnover ratio that the Patten plan created. If the DUP had had its way, fewer Protestants and fewer Catholics would have been recruited to the police service.

5.45 pm

Sammy Wilson: The hon. Gentleman's party confirmed our worst fears about the Patten proposals, in that that their desire to please republicans—let us face it; that was their purpose—meant getting rid of experienced officers, thus leading to skills shortages, which had to be made up by recruiting officers from the mainland. No officer from England or Scotland would have been prepared to have their job decided on the basis of their religion, so the SDLP had to accept that 50:50 would not apply to recruiting people from England or Scotland because they would not have taken the insult of having their religion examined before they were found to be qualified for a job. However, paper-thin arguments continue to be made in favour of 50:50 discrimination.

Mark Durkan: The hon. Gentleman needs to realise the difference between 50:50 recruitment of fresh new police officers for training and seeking existing trained detectives from other forces.

Sammy Wilson: The hon. Gentleman can make such fine distinctions, but constables could not be recruited without applying the 50:50 rule in Northern Ireland yet they could when they came from the mainland.

I want to consider some of the consequences. As my hon. Friend the Member for East Londonderry (Mr. Campbell) pointed out, the 50:50 rule has led to discrimination against more than 3,000 people in the Protestant community. The hon. Member for Foyle can shake his head, but people who receive a letter stating that they have not been appointed on the basis of their religious background have already got into the merit pool. They have reached the required standard and qualified. They could be appointed as police officers but they are not. Those 3,000 people got through the process and received a letter telling them that they were of the wrong religion and that there were already too many Protestants in the pool, although they had qualified and been through the test. That is unfair. I do not care how anybody tries to describe it, whether as a temporary arrangement or something that helps to increase the percentage of Catholics in the police service.

Mr. Devine: Will the hon. Gentleman give way?

Sammy Wilson: No, we are approaching the end of the debate.

The 50:50 recruitment rule is expensive. The hon. Member for South Down (Mr. McGrady) can confirm that, because we have held many discussions about the matter on the Policing Board. The recruitment cost, not including training costs, of every police officer in

[Sammy Wilson]

Northern Ireland is £12,500 because of the contortions that have to be undergone under the 50:50 rule. It is not only unfair but expensive.

The rule is also inefficient because it applies not only to police officers but to civilian staff. In some cases, the PSNI advertised and received replies from qualified people who could do the jobs but, because no Catholics applied, no one was appointed. The most recent example was in forensics. Forensic experts were required to help with current investigations. No Catholics applied, although plenty of others—everyone who is not a Catholic counts as "others"—who were qualified did. No one was appointed because we could not get the balance. We end up without the job being done rather than making an appointment that does not reflect the 50:50 requirement.

The rule is unfair, expensive and inefficient. It should not be tolerated and it is disgraceful that any party that claims to stand for human rights and fairness supports it. The final defence of the arrangement presented by the hon. Member for Foyle was that this could not be discrimination because his party was against discrimination. That is what the argument falls back on. Just because his party says it is against discrimination, when discrimination is practised in its name and with its support, it is no longer discrimination.

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Shaun Woodward): This has been an important debate that has raised several issues. While I hope to persuade hon. Members not to press the new clause to a vote, I also wish to put on record the fact that I respect the very different views that have been expressed across the House, even though I disagree with some of them.

I also put it on record that I share the emotions, the commitment and the rational argument advanced by the right hon. Member for North Antrim (Rev. Ian Paisley)? Our discussions this afternoon should do nothing to besmirch the courage, the gallantry or the reputation of former members of the RUC, or, for some, the enormous sacrifice that they and their families made. I do not wish to do anything other than echo what the right hon. Gentleman said about that.

Let us be absolutely clear about this. The 50:50 policy is an exceptional policy and a temporary measure to enable the PSNI to be representative of its community and to do that in a reasonable time frame, with the target of increasing its Catholic composition to 30 per cent., we hope by 2010–11. The policy is temporary and exceptional. I remind hon. Members of the comments in the Patten report, whether they agree or disagree with its conclusions. It stated:

"the main problem facing policing in Northern Ireland has been the political divide between the Protestants/Unionists and Catholics/Nationalists and the identification of the police with unionism and the British state in the minds of many nationalists."

The report went on to say:

"This has undoubtedly had some effect on the rate of applications to join the police from the Catholic/Nationalist community, as has the active discouragement, sometimes including intimidation, which many potential recruits from that community have experienced."

Why did that matter? It mattered because, putting aside the conclusions, Patten said:

"community policing is impossible if the composition of the police service bears little relationship to the composition of the community as a whole."

I also agree with the comments made by my hon. Friend the Member for Ealing, North (Stephen Pound). Patten said:

"The point is that communities as a whole should see themselves as having a stake in the police service as a whole. If all communities see the police as their police, there will be a better, cooperative partnership between community and police, and therefore more effective policing."

It was in that context that Patten said:

"It is the imbalance between the number of Catholics/Nationalists and Protestants/Unionists which is the most striking problem in the composition of the RUC."

He rightly tried to reconcile the issue of human rights with his proposals for 50:50 recruitment.

Mr. Gregory Campbell: Will the Minister give way?

Mr. Woodward: I am afraid that, as the hon. Gentleman and other members of his party have left me very little time to respond to the debate, I cannot take his intervention.

Patten also said:

"The proposals that are made on composition of the police service are an essential part of meeting the five tests"—

that is, the human rights tests. For him, those human rights tests involved doing something to change the fundamental composition of the police force, because only a tiny fraction of the RUC was drawn from the Catholic community. Fewer than 8.3 per cent. were from that community in 1998. Today, that figure stands at nearly 20 per cent., with some 57,000 applications having been received to join the PSNI.

I recognise the arguments that have been put forward today about principle, and that the tools being used to achieve this end might not be the ones that we would use if we were in an ideal position. The fact of the matter remains that we did not start from an ideal position but from one in which only a tiny fraction of a community was represented in the police force. To change that imbalance, we put forward these proposals.

The hon. Member for Belfast, East (Mr. Robinson) referred to a range of statistics. It is important that we are not selective, so I want to put on record the basic statistics. In the first eight competitions, more than 28,000 applications from non-Catholics were received, of which 541 will have been rejected directly as a result of the temporary provisions. In other words, less than 2 per cent. of all non-Catholic applicants will have been rejected as a direct result of the 50:50 provisions. The latest campaign has seen the highest number of applications yet for the PSNI, with 7,691 applicants competing. This is the critical point, and the reason why people are being rejected—nearly 8,000 applicants are chasing fewer than 500 places. That is the real reason why so many qualified candidates from both community backgrounds are unsuccessful.

The Government are keenly aware of how the temporary 50:50 measures also impact on ethnic minority recruitment, and we have noted the Chief Constable's concerns. As the Patten report makes clear,

however, the imbalance between the numbers of Catholics and Protestants was the most striking problem in the composition of the police, above issues such as gender, ethnic minority and gay and lesbian representation, which have also been raised, though the commission rightly recognised their importance. Ethnic minorities make up 0.27 per cent. of PSNI officers. Of course, that should be considered in the context of a community in which ethnic minorities, including Travellers, comprise less than 0.5 per cent. of workers.

We firmly believe that these temporary measures are justified to correct an acute historical imbalance in the composition of the PSNI. Let me assure all Members, however, that the measures will not stay in place a day longer than is necessary. We are firmly committed to achieving a progressive increase in the Catholic representation in the police service—for us, the figure should be 30 per cent. by 2010–11. We are on course to achieve that, and it is absolutely right to be able to do so. In less than five years, under 50:50 temporary provisions, Catholic composition has increased from 8.3 per cent. to nearly 20 per cent., and it is rising.

In the same period, female composition has also risen from 13 per cent. to over 20 per cent. We should be cautious about making comparisons between gender and religious background, as the issues are not the same. That was acknowledged by Patten, who recognised the need to increase the number of women in the police service but focused on the more important need of addressing the imbalance of community background in order to have effective policing. Critically, he recognised that the provisions should be temporary, lasting until the target had been reached.

Hon. Members will be aware that these are exceptional measures that are reviewed triennially and will expire unless specifically renewed by an order. The current order allows for their continuation until 28 March 2007, at which time Members will have a further opportunity, both in this House and another place, for detailed scrutiny of these temporary provisions.

Having carefully considered the amendments, and in light of the review this summer, the consultation that will take place with all the parties and the debates that will take place in this and another place later this year and early next year, before March, I ask Members to withdraw them. I respect their arguments, and we might disagree, but ultimately, achieving a balance of 30 per cent. is not only good for members of the Police Service of Northern Ireland but right for the communities of Northern Ireland.

Mr. Peter Robinson: I shall not attempt, in the 30 seconds that remain, to wind up such a wide-ranging debate. I shall simply say that the Minister has been careless with statistics. The figures that he produced were inaccurate. Before the introduction of the 50:50 policy, the numbers had already increased from nearly 9 per cent. to well into double figures. The 50:50 policy therefore cannot take the credit for the increase.

It being Six o'clock, THE FIRST DEPUTY CHAIRMAN, *put the Question already proposed from the Chair, pursuant to order [19 April].*

The Committee proceeded to a Division.

The First Deputy Chairman of Ways and Means (Sylvia Heal): Order. Will the Serjeant at Arms please investigate the delay in the Aye Lobby?

The Committee having divided: Ayes 103, Noes 282.

Division No. 213] **[6 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Bercow, John
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Duddridge, James
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Mr. Christopher
Gibb, Mr. Nick
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greenway, Mr. John
Grieve, Mr. Dominic
Harper, Mr. Mark
Heathcoat-Amory, rh Mr. David
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Jones, Mr. David
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lancaster, Mr. Mark
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Mackay, rh Mr. Andrew
Maples, Mr. John
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Penning, Mike
Penrose, John
Pritchard, Mark
Randall, Mr. John
Robertson, Mr. Laurence
Robinson, Mr. Peter
Rosindell, Andrew
Ruffley, Mr. David
Selous, Andrew
Shapps, Grant
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spring, Mr. Richard
Steen, Mr. Anthony
Swire, Mr. Hugo
Taylor, Mr. Ian
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas

Tellers for the Ayes:
David Simpson and
Mrs. Iris Robinson

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.

Bradshaw, Mr. Ben
Brooke, Annette
Brown, Mr. Russell
Browne, rh Mr. Des
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Burstow, Mr. Paul
Burt, Lorely
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Dowd, Jim
Drew, Mr. David
Duncan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Featherstone, Lynne
Field, rh Mr. Frank
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
George, rh Mr. Bruce
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Prosser, Gwyn
Pugh, John
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Teather, Sarah
Thornberry, Emily
Timms, Mr. Stephen
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Joan Ryan and
Mr. Dave Watts

Question accordingly negatived.

Bill (Clauses 1 to 7, 10 to 12, 19 to 22 and Schedule 2, and any new clauses and schedules other than those related to Parts 2 or 4) reported, without amendment; to lie upon the Table.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

NORTHERN IRELAND

That the draft Local Government (Boundaries) (Northern Ireland) Order 2006, which was laid before this House on 22nd March, be approved.—*[Mr. Watson.]*

Madam Deputy Speaker (Sylvia Heal): I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 26 April, pursuant to Standing Order No. 41A (Deferred divisions).

NORTHERN IRELAND BILL

Ordered,

That, in respect of the Northern Ireland Bill, notices of Amendments, new Clauses and new Schedules to be moved in Committee may be accepted by the Clerks at the Table before the Bill has been read a second time—*[Mr. Watson.]*

Areas of Outstanding Natural Beauty

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watson.]*

6.18 pm

Mr. Martin Caton (Gower) (Lab): What I should like to do in this Adjournment debate is, first and foremost, to celebrate the quality of landscape and environment in the Gower peninsular, the first designated area of outstanding natural beauty in Britain and the area that I have the privilege to represent in this House. I also want to celebrate the beauty and diversity of the 40 or so other AONBs in England and Wales. I shall begin by focusing a little on the history of our AONBs, and then I shall look to the future.

Our story goes back to the period immediately after the second world war, and to the establishment of the Hobhouse committee that looked at the need to protect and enhance our most valuable landscapes and habitats. Hobhouse reported in 1947, and that report led to the legislation that became the National Parks and Access to the Countryside Act 1949, which established both national parks and AONBs. Even then, national parks and AONBs were accepted as being equal in quality and value to the nation, but they were deliberately treated quite differently. The decision to treat them differently came directly from the Hobhouse report, which stated:

> "There are many areas of fine country in England and Wales, which are not included in our selection of National Parks, but yet possess outstanding landscape beauty, are often of great scientific interest and, in many cases, include important holiday areas. While, in the main, they do not call for the degree of positive management required in National Parks ... their contribution to the wider enjoyment of the countryside is so important that special measures should be taken to preserve their natural beauty and interest. We recommend ... that the Ministry of Town and Country Planning should designate areas of high landscape quality, scientific interest and recreational value as Conservation Areas."

Under the terms of section 87 of the 1949 Act, those conservation areas became AONBs. Even then, Hobhouse's belief that these areas required no positive management was mistaken, as became clearer over the following decades. Indeed, that is especially clear if one compares the history of the national parks with that of the AONBs. In practice the 1949 Act did little more than create the designation "area of outstanding natural beauty" and make consequential provision for land use planning arrangements. Indeed, considering the flimsiness of their foundation, the most remarkable feature of our AONBs between 1956, when Gower was designated, and the end of the millennium was how much had been achieved in resisting the worst excesses of exploitation and neglect, without proactive management and earmarked resources. That said, the history of countryside protection during that period was very patchy.

After a lot of lobbying, the chairman of the National Parks Commission, Mr. Strang, and his secretary, Mr. Abrahams, signed Gower's designation order on 9 May 1956—50 years ago next month. We in Gower intend to celebrate that anniversary over the rest of the year.

So what is so special about Gower that led to it earning this early recognition, before other candidate regions? It is very special in many ways. Even though it covers only 72 square miles, its 23 miles of magnificent coastline are now designated as heritage coast.

[Mr. Martin Caton]

Geological variety has given us a matching variety in landscape. On the south coast, we have marvellous carboniferous limestone scenery stretching between Worms Head and Oxwich bay. By way of contrast, in the north we have salt marshes, dune systems and the Loughor estuary. In between, inland Gower is notable for its attractive wooded valleys and its large areas of common, dominated by sandstone heath ridges and, most especially, the soaring sweep of Cefn Bryn.

The Gower peninsula AONB includes 25 sites of special scientific interest, five candidate special areas of conservation, three national nature reserves, one special protection area, one Ramsar site, three local nature reserves, 23 Wildlife Trust reserves and 67 ancient woodland sites. It is also home to 83 scheduled ancient monuments and sites. Some 30 per cent. of the AONB is designated as historic landscape, and there are more than 100 listed buildings there. We have some 240 miles of public rights of way. All our beaches—they are beautiful beaches—passed the bathing water regulations mandatory and guideline standards. Last year, four Gower beaches got blue flags, and a further six got "green coast" awards.

We are also fortunate in that, in the years since the 1930s, some of the most valuable landscape areas in Gower have been acquired by the National Trust. Notable flora and fauna species on the coast include chough, peregrine and the rare yellow whitlow grass, which, I think, is still unique to Gower. The common land in the AONB also provides a valuable habitat for rare plants and animals, including southern damselfly, nightjar, black bog ant, marsh fritillary and the palmate newt. Growing on the commons we also find various heather species, royal fern, bristle bent grass, a range of mosses, bilberry, deer grass and three-lobed crowfoot.

During Tuesday's debate on the Commons Bill the Under-Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for South Dorset (Jim Knight), who will respond to this debate, highlighted the contribution that our commons make to national biodiversity. Gower is, literally, proof of that statement. Its commons are wildlife treasure chests, simply because they have not been agriculturally improved or subjected to regular pesticide or fertiliser treatment. However, they have come under various pressures in recent years, with different problems affecting different commons, such as increased use of artificial nutrients, over-grazing on some places and under-grazing on more, and land being torn up by motorcycle scramblers and other off-road vehicles. The Gower commons initiative has improved the situation enormously over the past five years, especially through the strategic placing of cattle grids to achieve better stock management.

So that is a brief picture of Gower in facts and figures, and although such a run-down can be pretty impressive in its own way, it does not really capture the unique quality of Gower, nor its clear and historical identity as a separate and special place. It is right on the doorstep of the old industrial city of Swansea, yet city residents and visitors alike almost all comment on the feelings of isolation and remoteness that they experience in Gower, despite the fact that they are rarely more than 20 miles from the city centre.

Although close proximity to Swansea creates many problems and pressures for Gower, in conservation, environmental and socio-economic terms, the contrast with its urban neighbour is part of what makes Gower special. From the point of view both of residents of Swansea and Gower and of visitors, the relationship between rural Gower and urban Swansea can be complementary: Swansea provides an ever widening range of cultural, educational and leisure opportunities alongside Gower's contribution of rare natural beauty, fantastic beaches and splendid walks.

Over the decade since Gower's birthday, in a process that started slowly, about 40 AONBs have secured designation, ranging from the Solway coast to the north Wessex downs, from the Norfolk coast to the Cotswolds and from the Cornish coast to the Clwydian range—their beauty matched only by their diversity. Over most of the past half-century, however, our AONBs have struggled under the inadequacies of the original legislation, which failed to provide them with management and financial resources similar to those for national parks. The unfairness and impracticality of that situation became more and more apparent as the decades went by and it became clearer and clearer that AONBs were not just the little sisters of national parks; indeed, the Cotswolds AONB is larger than any national park and in terms of tourist numbers, the Chilterns AONB receives more visitors than most national parks.

The financial and legislative weakness of the AONB system came into proper focus only in the last few years of the 20th century, with the Countryside Commission undertaking a fuller review of the working of AONBs, the establishment of an England and Wales AONB association and the distillation of some clear reform objectives. Thankfully, at roughly the same time, a legislative hook came along—the Countryside and Rights of Way Bill. Inside and outside Parliament, we campaigned for amendments to require statutory management plans for our AONBs and the Government accepted the principle and introduced the necessary changes, which is hugely to their credit and the most important change for AONBs in their 50-year history.

In recent years, we have seen a sea change in the status and professionalism of the management of our AONBs, which can and must be built upon. We have seen the Chilterns and Cotswold AONBs set up conservation boards under the powers provided to them in the Countryside and Rights of Way Act 2000, invaluable for AONBs that fall within a number of local authorities. The powers and responsibilities in the Countryside and Rights of Way Act have been backed up with financial resources—until now at least—through the Countryside Agency in England, superseded by Natural England, and the Countryside Council for Wales in my part of the world. The main funding vehicle in Wales that has benefited Gower is the sustainable development fund, which is being used to support 22 valuable green projects in the Gower AONB.

The word "partnership" has perhaps become too much a part of our conversations in this place and has been frequently used in the jargon of politics in recent years. But sometimes there are theories at the bottom of our jargon, and partnership really is the key to success for AONBs. That means, first and foremost,

partnership at local level, involving local authorities and the local people who live in and around the AONB, encouraging them to maintain a sense of involvement and ownership, acknowledging that the aims of conservation and sustainability do not have to be in conflict with the needs of agricultural production or other forms of economic development, including tourism. That is not only possible but practical, as long as everyone recognises the exceptional quality of the landscape in which they work, although it also requires conservationists and environmentalists to acknowledge that sustainability does not mean petrification.

We also need an effective working partnership between the different AONBs in the country, with best practice actively disseminated and ideas readily exchanged. That is already happening through the excellent functioning of the National Association for Areas of Outstanding Natural Beauty, which goes from strength to strength, and which I am delighted to report is holding its annual conference in Swansea this year, so that it can take a leading role in celebrating the golden anniversary of Gower's designation. My hon. Friend the Minister has been invited and I hope that he and Carwyn Jones, his opposite number in the National Assembly, will be able to attend and can take the opportunity to go to Gower and enjoy its marvels.

There must be partnership between the AONBs, the responsible local authorities and the legislature and the Government, whether the National Assembly for Wales or Westminster and Whitehall for the UK. The all-party group on AONBs, which I chair in the House, plays a small part in aiding communication between parliamentarians, the AONBs and Ministers.

Most people involved with AONBs believe the future is far brighter than it appeared even a few years ago, but of course that does not mean that we should take anything for granted or become complacent. That was brought home to me just last year when the Welsh Assembly Government, in a consultation exercise about local government powers, proposed that the requirement to produce management plans for AONBs should be removed, just five years after the CROW Act had introduced that vital measure. Thankfully, they were convinced that that would have been a very big step in the wrong direction.

Even now, the people who care about our AONBs still have their worries about future financing, when local authority budgets are squeezed; about the fact that AONBs are funded on an annual basis, when it would be more efficient to fund them on a three-year programme; about how AONB interests will be picked up in the new regional spatial planning strategies in England and the unitary development plans in Wales; and, perhaps most importantly, about the fragility of some agricultural sectors, recognising the importance for biodiversity of appropriate stocking levels, especially on the uplands. However, we can deal with all those things by working together under the new legislation.

As we said on the AONB association's display board that we put up in the Upper Waiting Hall when we were campaigning for AONB provisions in the CROW Bill,

"It's a new dawn for AONBs".

Unfortunately, the photograph used to show the sun rising, which I did not see until the day, was of Worms Head at Rhossili in my constituency—of course, Rhossili is on the west coast of Britain and the photograph was actually of the sunset. That was an unfortunate mistake, but I was sure then, and am even more sure now, that that was not necessarily a bad omen.

I should like to finish, still on beautiful Rhossili, by quoting from the man sometimes described as the Gower poet, Vernon Watkins, the close friend of Dylan Thomas, whom Dylan believed was the better poet. It is an extract from the poem simply called "Rhossili", which conveys the awe and the inspiration that fine landscape and the natural environment can evoke in us:

"Pushed out from the rocks, pushed far by old thought, long into night, under starlight,

At last, tired from my coastal labouring, I come to you, sleepless Rhossili.

I have cut through the mirror-bright sea in the long, slender boat with two paddles,

And ground in the sand. Dawn breaks. I stare, amazed, at the marvel.

Coiled sand, gold mountains, grass-tufted dunes, unending, rising, descending,

And the cat-spotted, wind-crafty tide, spitting serpent-white tongues drawn slack,

Soon reaching the barnacled wreck, quivering, recoiling, bending

Stung eyes to the rasping whisper of gongs, of songs that will not run back.

Rhossili! Spindle of the moon! Turning-place of winds, end of Earth, and of Gower!"

It is that awe, that inspiration at the sight of outstanding natural beauty, that we celebrate above all at this year's anniversary in Gower.

6.32 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jim Knight): I congratulate my hon. Friend the Member for Gower (Mr. Caton) on securing this debate on the good work done in our areas of outstanding natural beauty. He is a tireless champion of that work. He has spoken with such eloquence, and my Department certainly appreciates his work as the chairman of the all-party group. Clearly, like me, he is influenced in valuing our AONBs by the beautiful example that he has in his constituency. My constituency, based deep in Dorset in the south-west—a region blessed with numerous and varied outstanding landscapes—has persuaded me of the importance of properly conserving and managing them and of the important role that they play in society and the benefits that they bring.

I recall my holiday on the Gower peninsula with my family some 10 years or so ago. We spent a lovely week camping there, and we enjoyed the very special landscape, the magnificent coastline and the wonderful beaches that my hon. Friend has talked about. I like to think that I have the nicest constituency in the country, but perhaps I had better define that country as England and leave my hon. Friend to claim the same for Wales.

I also note my hon. Friend's interest in the Commons Bill. There may still be an opportunity for him to serve on the Committee that considers that Bill if he is enthusiastic to do so, and I am sure that he could let the appropriate people know of that enthusiasm if he is keen.

[Jim Knight]

I am grateful to my hon. Friend and to the National Association for AONBs for inviting me to the celebrations in July to mark the 50th anniversary of the Gower as our first area of outstanding natural beauty. I certainly intend to accept that invitation and I look forward to renewing my acquaintance with Gower. If I am given a choice between a conference and enjoying the landscape, I will certainly opt for the landscape.

My hon. Friend will, of course, be aware that my responsibilities extend only to those areas of outstanding natural beauty on the English side of the border and so I hope that he will forgive me if I concentrate on the English areas of outstanding natural beauty. I fully recognise that most of the issues of concern are similar in both England and Wales.

I thank my hon. Friend for his recognition of the high regard in which the Government hold AONBs, as well as our other designated landscapes, and of the increased funding that we have been able to provide for AONBs. Since 2000, funding for them from the Department for Environment, Food and Rural Affairs has increased steadily, via the Countryside Agency, and last year amounted to more than £9 million. Additionally, and in keeping with a manifesto commitment, I introduced a sustainable development fund for AONBs last year amounting to £3.5 million. That equates to approximately £100,000 for each of the English AONBs. The fund aims to meet the purpose of AONBs by encouraging individuals, community groups and businesses to co-operate together to develop practical and sustainable solutions to the management of their activities. It is administered with a light touch by the Countryside Agency and I am sure that it will continue to be administered in that way by Natural England, its successor.

I am glad that AONB management plans, statutorily introduced by the Countryside and Rights of Way Act 2000, as my hon. Friend reminded us, are providing a real focus for action and helping to facilitate co-operative working. I am pleased that I have avoided the use of the word "partnership", to please my hon. Friend. The preparation of those plans has demonstrated the importance of a whole range of partners coming together to contribute to the vision and the practical management of each AONB. In delivering the goals that the management plans have set, it is equally important to move forward with that co-operation.

In the new delivery landscape, it will be important for our AONBs to work even more closely with Natural England than they have been used to doing with the Countryside Agency, English Nature and the Rural Development Service. In the Natural Environment and Rural Communities Act 2006, we took powers to enable the Department for Enivronment, Food and Rural Affairs, in suitable circumstances, to delegate delivery functions to AONBs, whether they are managed by joint committees or conservation boards. We also need to see AONBs aligning their actions with the priorities that are set out in the various regional strategies and frameworks, some of which my hon. Friend mentioned.

As further evidence of the Government's commitment to our finest landscapes, I would point to the guidance that we produced a year ago drawing the attention of a wide variety of public bodies to their statutory duty to have regard to the purposes of AONBs and national parks when undertaking their own functions. I believe that that guidance has been generally well received. It has pulled requirements from a number of legislative sources into a single publication that has raised awareness of protected landscape issues and responsibilities to such landscapes. Previously, in some cases, that information was not particularly well known. Natural England will monitor how that works and will report on any significant problems.

I would also like to remind the House that the first two AONB conservation boards—for the Chilterns and the Cotswolds—were established in December 2004 under the Countryside and Rights of Way Act. They can provide for a more joined-up approach for large AONBs that cross a number of local authority boundaries. Early evidence suggests that the conservation boards have hit the ground running and are demonstrating the benefits of their new status.

Landscape is always changing through a mixture of human and natural intervention. The pressures on landscape today are many and varied. They include the effects of climate change, social and economic developments, changes in farming and land management techniques, and people's increased mobility. My hon. Friend referred to some of the current and future concerns of AONBs. However, I can assure him that I remain committed to our finest landscapes and take every opportunity to defend them and expound their virtues when they are threatened.

The UK has recently signed the Council of Europe's European landscape convention, which aims to promote the protection, management and planning of all landscape—rural, urban and peri-urban. I hope that we will soon be able to ratify it. We do not think that that will require immediate changes to policy or legislation because the UK already has such a good record in the area. However, we will use the convention to help to guide future policy in the normal course of review, which can only help to raise the profile of landscape to the same level as other considerations in many areas of our work.

I said right at the start that I was already familiar with the benefits provided by our finest landscapes for the past 50 years. They not only possess intrinsic beauty in many varied ways, but provide the facility for many forms of recreation, such as simple relaxation and reflection, walking and riding—I remember getting very wet riding in the Gower peninsula on that holiday with my family—getting close to nature, or undertaking more vigorous pursuits. Those, in turn, provide unseen mental and physical health benefits. There are obvious physical health benefits of going to the gym, but the mental health benefits of combining that with getting outdoors among the trees and wildlife are much greater. That is why many thousands of visitors come to the areas each year and stimulate the local and national economies. Of course, our landscapes have been the source of inspiration for artists, poets—we just heard a

wonderfully recited poem—and authors, both past and present. They also provide a living for those who work on the land.

I pay tribute to all those who work hard to maintain and champion the areas. I pay particular tribute to the work of the National Association for Areas of Outstanding Natural Beauty. Department for Environment, Food and Rural Affairs officials consult that excellent organisation frequently and have a fine relationship with its representatives—long may that continue. I will continue to champion AONBs and know that my hon. Friend will continue to do so. I look forward to joining in the celebrations of the 50th anniversary of the first area of outstanding natural beauty designation later this year.

Question put and agreed to.

Adjourned accordingly at nineteen minutes to Seven o'clock.

House of Commons

Monday 24 April 2006

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

Mr. Speaker: I call Rosie Cooper—not here. I call Alison Seabeck—not here. Perhaps hon. Members should know that they should turn up on a Monday.

The Secretary of State was asked—

Olympic Sports (Shooting)

3. **Mr. Peter Bone** (Wellingborough) (Con): If she will make representations to the Olympic committee to introduce full bore target rifle shooting as an Olympic sport. [64570]

The Minister for Sport (Mr. Richard Caborn): It is obviously the transport, Mr. Speaker.

There are no current plans to make representations to the International Olympic Committee to introduce full bore target rifle shooting as an Olympic sport. Indeed, there would be no immediate opportunity for us to do so. The 2008 and 2012 Olympic programmes have already been confirmed by the IOC. The 2012 programme was decided in Singapore last year, after the IOC announced that the games would take place in London. I understand that the IOC will meet again in three years' time to decide the Olympic programme for 2016.

Mr. Bone: I am somewhat disappointed by the Minister's response. The Government have imposed restrictions on British sportsmen in certain shooting events. If target rifle shooting had been incorporated in the Olympic games—it is legal to practise the event in this country, we excel at it and we won medals in it at the Commonwealth games—that would, in part, compensate. Will the Minister reconsider and urge the Olympic committee, for whatever Olympics, to include target rifle shooting?

Mr. Caborn: I do not think that we have put those restrictions on. Three out of the 17 shooting disciplines were affected by the ban on firearms. I acknowledge that strong representations on the matter have been made. They have been forwarded to my right hon. Friend the Home Secretary and are being seriously considered. The hon. Gentleman acknowledges that when we held the successful Commonwealth games in Manchester, we made special arrangements so that all the disciplines could take place and, indeed, people could practise them. The strong representations that have been made are justified.

On a lighter note, I congratulate the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Stalybridge and Hyde (James Purnell), on doing the marathon in four hours and 37 minutes yesterday. It was a bit churlish of Black Dog to say that he was likely to pull out, and it would be good if Black Dog mended his ways by making the gesture of doubling my hon. Friend's sponsorship.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): May I ask a small favour of my right hon. Friend? If one looks at all the international, world and Commonwealth games over the past 20 years, one sees that shooting has been the most successful discipline—more so than rowing. However, the people who won gold, silver and bronze medals never received a single honour—not an OBE, CBE, or MBE—from not just this Government, but any Government. Can that situation be changed, and will my right hon. Friend reflect on it before the next honours list?

Mr. Caborn: May I congratulate our team that was out in Melbourne, because it increased the medal take from five gold, six silver and eight bronze medals in Manchester to six gold, eight silver and five bronze medals? I have no doubt that my hon. Friend will be soliciting a lot of support from throughout the House for making nominations for those who won the medals. As he knows, Back Benchers and others can make such nominations, so I will expect to see some nominations coming in for those people who did extremely well in the Commonwealth games in Melbourne—I am talking about representatives of England, if I may say—and did our country proud.

Hugh Robertson (Faversham and Mid-Kent) (Con): But there is an illogicality because if I have read the UK Sport funding submission correctly, it gives shooting £4.8 million each year, but the participants are not allowed to train in this country. I am sure that everyone in the House realises the sensitivity of the issue post-Dunblane, but is it not now time, especially in view of London 2012, for the Minister to support us in granting an exemption for target pistol shooters at the Olympic games?

Mr. Caborn: I have just explained that of the 17 disciplines—I think that that will come down to 15 disciplines—that were operational, only three were affected by the ban. My officials and I have been in dialogue with the organisations to find out whether we can come to some arrangement. As I said earlier, when the Commonwealth games were held in Manchester, we facilitated the training for all the 17 disciplines and the events that took place. Indeed, my right hon. Friend the Home Secretary is considering whether we can come to some arrangement to give the three disciplines practice facilities in this country and I will report back when he has made his decision.

Mr. Speaker: I understand that the hon. Member for Plymouth, Devonport (Alison Seabeck) was in the Chamber although not in her seat, due to an injury. I will therefore go back to Question 2.

Sport England

2. **Alison Seabeck** (Plymouth, Devonport) (Lab): If she will make a statement on the work of Sport England in the south-west. [64569]

The Minister for Sport (Mr. Richard Caborn): Obviously, you are very magnanimous, Mr. Speaker, as we all, particularly those of us on the Front Bench, expect.

I am pleased to report that Sport England has made a significant impact on the development of sport in the south-west. I pay tribute to the south-west sports board, under the leadership of Ged Roddy and Jim Clarke, the chief executive. They have overseen the investment of about £150 million into grass-roots and community sport in the south-west since 1997, including £1.3 million invested in sport in Plymouth since 2004. In 2005–06 that meant that in the south-west 29 projects were awarded a total of £3.8 million from the community investment fund, which has in turn generated £12.3 million of partnership funding.

It was the foresight of the south-west sports board and the regional development agency that led to investment in Weymouth of over £4 million, which played out very well in our bid for the Olympics, as the sailing centre there is probably now one of the best in the world. Those bodies have been very proactive in this area.

Alison Seabeck: I am very grateful to you, Mr. Speaker. I was not as quick as usual. I would like to say that the injury happened in a sporting circumstance, but unfortunately it was caused by a hoover.

I thank my right hon. Friend for his reply. I accept that Sport England has had some significant successes in sports development in the south-west, but I have concerns about its impact on the development of swimming. The south-west has well below the national average number of swimming pools per person, and as I speak we face the closure of another swimming pool in Plymouth on health and safety and cost grounds. What is the Department doing to assist Sport England in targeting local authorities and aiding them to develop affordable swimming facilities? "Affordable" is the key word because we all understand how expensive swimming pools are, but we also know how vital they are.

Mr. Caborn: For the record, since 1995, when sport funding began to come from the lottery, Sport England has invested £43 million in the south-west in projects related to swimming and diving. That is out of a total of £181 million, so about 23 per cent. has been invested in swimming in the south-west. Sport England is in discussions about the development, and indeed the redevelopment, of swimming complexes in Plymouth, including a 50 m pool.

My hon. Friend makes a good point about affordability, and we are encouraging local authorities to look at all sports facilities, particularly swimming, to make sure that they are in the right place and of the right standard. We are also asking them to have, where possible, schemes that encourage swimming, which in some areas may well mean subsidising the cost. I know that subsidised schemes in Birmingham and Glasgow have been highly successful in attracting people into swimming.

National Lottery

5. **Jon Trickett** (Hemsworth) (Lab): What steps she has taken to ensure that lottery funds are directed to areas of social deprivation. [64572]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): Nearly half the total lottery money has gone to the 100 most deprived local authorities. It was this Government who directed lottery distributors to take into account the need to reduce economic and social deprivation in making awards. The largest programme to address deprivation has been the fair share programme operated by the former Community Fund and the New Opportunities Fund. With a total value of £179 million, including a £50 million 10-year expendable endowment, many rural areas, former coalfield areas and seaside towns have already benefited, including my hon. Friend's constituency.

Jon Trickett: I thank my right hon. Friend for that response. I commend the work of the ministerial team with the lottery to ensure that money is diverted to areas of social deprivation. Undoubtedly, my constituency, and many other coalfield areas, benefited from the fair share initiative. Does my right hon. Friend agree that deprived areas tend disproportionately to be engaged in putting money into the lottery? Now that the initiative has ended, organisations such as the Hemsworth and South Emswell homestarts group are experiencing difficulty in finding the necessary money. Will my right hon. Friend keep this matter under close scrutiny and, if necessary, ring-fence money, as she did in the fair share initiative, should we find that areas such as mine are beginning to suffer again?

Tessa Jowell: I thank my hon. Friend for that question. I can give him the assurance that we shall do just that. If the share of lottery money going to deprived areas shows signs of falling back, we shall take steps to ensure that every part of the country, including the poorest communities, has the benefit of lottery funding. It is worth noting that we started on this course back in 1998 and, having established the under-investment by the lottery in the former coalfield areas, the number of awards to the coalfield areas is now five times as much as it was in 1998. We are determined that that important progress for those communities is not lost.

Paul Holmes (Chesterfield) (LD): The Department's stated aim for the lottery is to improve quality of life for all, yet a deprived region such as the east midlands receives only about 37 per cent. of lottery money per capita when compared with London. Of the 12 regions, the east midlands receives the 10th lowest amount of money from the lottery. What steps can the right hon. Lady take to ensure that this inequality of distribution is rectified? Can she put in a good word for some lottery money via Sport England to help the council in Chesterfield to rebuild the dilapidated leisure centre and swimming pool, the entire cost of which is falling on the council at present?

Tessa Jowell: On the second point, I do not think that the hon. Gentleman would welcome the intervention of Ministers in decisions about specific lottery grants. His first point is about what he believes to be the unfair share that has been awarded to the east midlands, and about that I would say two things. First, every Member of the House is in a position to act as an advocate for their local community; secondly, if the hon. Gentleman would like organisations in the east midlands to meet my officials or officials from the relevant lottery distributors, I will be happy to ensure that that happens.

Mr. Bill Olner (Nuneaton) (Lab): My constituency has had moneys from the lottery fund. However, it seems to be rather bizarre that a rich football club such as Manchester United has access to lottery funds, which could have been spent in many more deprived areas throughout the country.

Tessa Jowell: I am glad that my hon. Friend, who is a great champion for the lottery for his constituency, has raised this point, which has been the subject of some controversy over the weekend. This is not a decision to which Ministers were party. Decisions about lottery spend are taken by the lottery distributors and not by Ministers. The decision was taken by the regional board of Sport England in pursuit of the objective of getting employers to boost the levels of activity and fitness of their employees. The point is that this is a grant—*[Interruption.]* It involves rich employers and less rich employers. That is absolutely right. There is a challenge to those employers. It involves £30,000 over three years, matched by £100,000 from the employer. The judgment of the lottery board is that that money is worth risking to get those who work for Manchester United, or any of the other 40 companies in the north-west who have been funded by the initiative, to become more active. Sometimes, it is worth looking at the broader context in which those grants are made before leaping to judgment and cheap headlines.

Mr. Hugo Swire (East Devon) (Con): One of the lottery's aims was to help people in deprived areas by supporting projects and good causes in those areas, but given what the Secretary of State has said, does she not fear that the award of £30,000 grants to wealthy football clubs and the cast of "Coronation Street" serve further to undermine the national lottery? Does she not accept that the best way to distance Government from lottery decisions, which is what she is arguing she wishes to do, is to agree with us in the other place this afternoon both to restrict the Government's prescriptive powers on lottery grants and to define the principle of additionality?

Tessa Jowell: With great respect, the decision was made by the regional sports board of Sport England to fulfil its obligation to increase participation in sport and physical activity, given the inactivity and consequent ill health of many people in the north-west. We will never reach a point where every single lottery grant is greeted with universal enthusiasm and acclaim. I accept—*[Interruption.]* No, it is not a huge embarrassment. It is a small investment that is clearly within the rules. It is a pilot that targets 40 businesses in the north-west of England, with the aim of making people in that part of the country more active and fitter. Rather than joining the campaign of condemnation the hon. Gentleman should be prepared to suspend judgment until the pilot exercise has worked by producing more physical exercise.

Mr. Swire: We have suspended quite a lot of judgment recently, so perhaps the Secretary of State will indulge me this afternoon. It is not my business to get her out of this particular hole. Because money has not gone to deprived areas—many Labour Back Benchers clearly want it to go to such areas—support for the national lottery has been eroded. Indeed, a new lottery, Monday, has just been created in response to the concerns of 70 of Britain's most respected charities. When will the Secretary of State take on board the argument that the lottery has been consistently undermined, not least by the creation of the Big Lottery Fund? What will she do to stop the haemorrhaging of support for the national lottery, and does she share the concern of bodies that are not involved in Monday that yet again they will be the losers?

Tessa Jowell: First, many of the staff who work in the 41 organisations funded by Sport England come from precisely those deprived areas in Greater Manchester at which lottery money should be directed. *[Interruption.]* They may work for Manchester United football club, but they live in some of the deprived areas that should be beneficiaries of lottery money. Secondly, it is nonsense to suggest that support for the lottery is haemorrhaging. Ticket sales have increased, and the lottery is succeeding. The Olympic lottery has already exceeded expectations, and if the hon. Gentleman is as concerned about the future of the lottery as the people of this country he should not talk it down.

Jonathan Shaw (Chatham and Aylesford) (Lab): My right hon. Friend is quite right to distance herself from the decision, but assessment is important when we look at the long-term viability of capital projects such as Buckmore park in my constituency. Sport England awarded it a grant, but did not talk to the local authority. When I asked the National Audit Office to investigate, the papers on the decision were missing. Is it not vital that there is a clear assessment of long-term viability so that a project that is welcomed by the community is sustainable?

Tessa Jowell: Again, my hon. Friend is absolutely right. It is worth taking this opportunity to reflect on the fact that, on average, every single parliamentary constituency in England has about 50 lottery-funded projects, enriching the lives of those in the local community and bringing important local value. Every single Member of this House has a role as an advocate for the lottery in their local community, as he is.

Mr. Don Foster (Bath) (LD): While the Secretary of State's statement today that the Government should not be interfering in lottery distribution is very welcome, it is clearly in marked contrast to her Government's previous decision to establish the New Opportunities Fund, which was in clear breach of that additionality principle. Does she accept that, within the national lottery, there are clear rules ensuring that areas of social

deprivation benefit from it? Will not that benefit be put in jeopardy by the establishment of the new online Monday national lottery, for which there are no such rules? Was that lottery not established as the result of a loophole in current legislation, and what action does she intend to take about that loophole?

Tessa Jowell: To deal specifically with the hon. Gentleman's point, no, we would not accept that the new lottery was funded by a loophole. It was licensed by the Gambling Commission. Secondly, he is right that the national lottery, which I believe will always be the dominant lottery in this country, has now and will continue to have an obligation across all its distributors to give particular attention to the needs of deprived communities.

Mr. Dennis Skinner (Bolsover) (Lab): If we can get back to these deprived communities, does my right hon. Friend recall that in the coalfield area of Bolsover, we lost our baths because of subsidence, which is part of what happens in mining. We tried to get it back. Sadly, the lottery funds began to decline because some people over there on the Opposition Benches were talking it down. I do not want that to happen again. We want the lottery funds to increase. Why? Because we have got the Bolsover baths idea back on the agenda. I think that she might have a word with somebody—I know that she cannot make the decision—to make sure that we get the baths for this deprived area. It will help in the Olympic games, as we can send all those Bolsover swimmers to win the medals.

Tessa Jowell: First, let me say how much it is my hope that my hon. Friend is successful in his long campaign of advocacy for a new swimming pool for Bolsover. He makes a second important point in relation to potential Bolsover champions. My right hon. Friend the Minister for Sport has also been very keen to pursue the campaign for the new baths in Bolsover, and I want hon. Members from all parts of the House to do everything that they can to ensure that their constituents benefit from all available funds to promote sport and participation, and ensure that every part of the United Kingdom benefits in the multitude of available ways from the fact that London is hosting the Olympic games in 2012.

National Theatres (Regional Tours)

6. **Helen Jones** (Warrington, North) (Lab): What steps she is taking to encourage national theatre companies to undertake more regional tours. [64573]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. David Lammy): Both the Royal Shakespeare Company and the National Theatre are required to undertake regional touring as part of their funding agreements with the Arts Council.

Helen Jones: I am grateful to the Minister for that answer. A few months back, I was lucky enough to see the RSC's touring production of "The Canterbury Tales", which was excellent and packed to the doors, but what can he do to ensure that the two theatres take on more touring commitments than they currently undertake, so that people in constituencies such as mine, who pay towards the theatres' subsidies, get the opportunity to see them, and so that they become truly national theatres, not London or Stratford theatres?

Mr. Lammy: My hon. Friend is right to raise that issue, and I know that she also raised it with one of my predecessors, who has gone to another place. The National Theatre and the Royal Shakespeare Company have increased their national touring in the past year—the National Theatre spent 21 weeks touring the regions, and the Royal Shakespeare Company has 150 touring dates in its calendar. Furthermore, the Royal Shakespeare Company will do more regional touring next year because of the changes at Stratford. I know that both of those companies have performed in my hon. Friend's area in Chester, Salford, Manchester and Liverpool, but the people of Warrington should be able to experience the best of our national talent, so I am sure that her comments will be made available to the chairman of the Arts Council.

Michael Fabricant (Lichfield) (Con): The Minister is right to address the importance of national companies undertaking regional tours, but it is also important to provide regional arts companies—for example, the Lichfield Garrick theatre—with sufficient funds to conduct tours of their own and to operate as production houses as well as receiving houses. What is the Minister's advice to the chairman of the Arts Council on how to strike that balance?

Mr. Lammy: My advice, which is directed not to the chairman of the Arts Council but to the people of this country, is to vote Labour, because when people vote Labour they get a 70 per cent. increase in Arts Council funding, some of which goes to regional theatres. That is why we have seen an expansion, and that is my advice to his constituents.

Miss Anne Begg (Aberdeen, South) (Lab): It is quite expensive for my constituents to go to the theatre in London, but they can go to the newly refurbished His Majesty's theatre in Aberdeen, which is a spectacular venue. Back-stage facilities have been expanded—the expansion was partially funded by the lottery—which means that it can now take bigger touring companies. I wish to add my voice to that of my hon. Friend the Member for Warrington, North (Helen Jones) in stressing the importance of national theatres travelling the whole country, which means not only England, but Scotland, Ireland and Wales.

Mr. Lammy: My hon. Friend is right. I have raised the issue with my colleague in Scotland to ensure that as a result of devolution theatre companies from Scotland work across the border in England and vice versa. The National Theatre has worked in Scotland in the past year, and I hope to see the RSC working in Scotland in the next year.

Mr. Mark Field (Cities of London and Westminster) (Con): I am sure that it warms your heart, Mr. Speaker, to see such enthusiasm among Opposition Members. The Minister has bandied about statistics, so perhaps he will explain how any extension of regional theatre touring is compatible with the continued standstill in

central Government grant to the Arts Council for the next two financial years. The 70 per cent. statistic that the Minister has quoted goes back to 1997, and it takes account of inflation and not very much else. As the Minister knows, there are already great pressures on his Department's non-sports budget due to the 2012 Olympics and the fact that the running costs of the Arts Council are some £50 million a year and rising. Where is the money coming from for the expansion that he so passionately desires in regional theatre?

Mr. Lammy: The money is coming from the reform of the national office, which will allow money to be put precisely into funded organisations so that theatres and musicians receive funds to grow the arts in this country. Labour Members make no apology for increasing Arts Council funding by 70 per cent. since we came to power. I remind the hon. Gentleman that theatre was on its knees in 1997 because the Opposition had starved it of money.

Cricket

7. **Mr. Stephen Hepburn** (Jarrow) (Lab): What steps she is taking to develop and promote cricket among young people; and if she will make a statement. [64574]

The Minister for Sport (Mr. Richard Caborn): The Government are committed to increasing the amount of physical education and sport played by all young people. Cricket has an important role to play in that. It is one of the 22 key sports within our national school sport strategy and is receiving £1.24 million over the four years to 2007. The 2004–05 school sport survey found that cricket is the sixth most popular sport, with 85 per cent. of schools offering it to their pupils. Interestingly, the survey also found that cricket was the second most popular sport in terms of club links: 46 per cent. of our schools have links with a local cricket club. We hope to reinforce that by investing some £8.5 million in cricket through Sport England during 2006–07.

Mr. Hepburn: One of the best ways of encouraging cricket, certainly in the north-east, would have been to have an Ashes match at Durham. My right hon. Friend will understand the disappointment of old and young cricket fans in the north-east when the decision was made to play the Ashes match in Cardiff, not Durham. I am led to believe that that decision was made largely through the influence of the Welsh Assembly. What does the Minister's Department intend to do to ensure that the north-east, or any other area that does not have the cover of a Welsh, Scottish or London Assembly, is not put at a disadvantage in bidding for major sporting events?

Mr. Caborn: I can obviously understand my hon. Friend's disappointment. I had the opportunity to visit Durham on a couple of occasions last season; it is a fantastic ground. At the end of the day, however, it is for the England and Wales Cricket Board to make those decisions. I know that it was a pretty tough decision. The ECB had several people going around the grounds to evaluate their potential, and that is the decision that it came to; it was not a Government decision. Nevertheless, I can understand my hon. Friend's disappointment.

John Bercow (Buckingham) (Con): Given the right hon. Gentleman's commitment to promoting the sport, what discussions has he had with formerly or currently successful professional cricketers about the possibility of their devoting just a tiny fraction of their spare time to acting as ambassadors for the sport in schools to encourage its take-up or the continued pursuit and development of interest in it?

Mr. Caborn: If there is any sport that one can say has modernised and got itself into the 21st century, it is cricket. The delivery of the Ashes last year says much for Lord MacLaurin's reorganisation of the ECB five or six years ago, including central contracts and 20–20 cricket. Its new academy at Loughborough has been very important, including in relation to the women's team, who also took the Ashes. Every secondary school in the country has appointed a senior person from the ECB, and that is playing a considerable role in enhancing quality. The first grant given by the newly established National Sports Foundation this week goes to cricket. That is a response to the Lords Taverners' initiative whereby it has matched funding of £177,000 to buy kit for schools and clubs. That shows how the ECB and other bodies are rolling out a clear policy of grassroots development. I am sure that that will help us to retain the Ashes when we go down to Australia later this year.

Mr. Michael Foster (Worcester) (Lab): In the run-up to 2012, will my right hon. Friend ensure that now cricket is not covered on terrestrial TV, it will be given special attention by his Department so that future cricketing success like last year's Ashes will be repeated and become the norm, and no longer just a rarity?

Mr. Caborn: It would be wrong to run away from the question about broadcasting. Eighty per cent. of the investment that I alluded to came from television. The BBC did not put a bid on the table and some of the bids by other terrestrial channels were well below what had been put on the table by Sky, so the ECB was left with no other option but to accept. Had it not, the central contracts and investment in the grassroots that I mentioned would have been reduced. One cannot have it both ways.

Mr. Roger Williams (Brecon and Radnorshire) (LD): I hope that the Minister will find it in his heart to congratulate Glamorgan county cricket club on securing the first test match in Wales at its ground in Sophia gardens. Will he join me in urging the Assembly to ensure that there are plenty of facilities, resources and coaches available so that the young people of Wales learn to play cricket well and that plenty of Welshmen represent England in 2009, thus helping us to retain the Ashes?

Mr. Caborn: I congratulate Glamorgan on that achievement. We want the development of grass-roots cricket in Wales to be equal to that in England. Wales made a tremendous contribution to winning the Ashes through the Welsh players in the team. We want to ensure that that continues.

Arts Council (Jazz Funding)

8. **Mr. Bob Blizzard** (Waveney) (Lab): What estimate she has made of the funding made available through the Arts Council to support jazz. [64575]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. David Lammy): During 2006–07 the Arts Council will provide more than £1 million to support 13 organisations that specialise in jazz music. The jazz sector also benefits from Arts Council funding to a range of organisations that promote jazz in a wider music programme and through its grants for the arts funding stream.

Mr. Blizzard: On 10 May, at 7 pm in the Terrace Pavilion, the all-party jazz appreciation group will host the second annual parliamentary jazz awards. Our MC is Paul Gambaccini and our music is by Liane Carroll and we thank you for your support for the event, Mr. Speaker. It is clear that the more people have the opportunity to listen to jazz, the more people like it. With that in mind, does my hon. Friend agree that it is essential to establish a new jazz radio station through Ofcom's new licensing arrangements for digital radio, especially given the sad degeneration of Jazz FM into Smooth FM?

Mr. Lammy: My hon. Friend is right that Ofcom has a duty to ensure plurality of music across the digital stations. He knows that, in the end, the decision is for Ofcom. To be fair to Jazz FM, now Smooth FM, it claims that there is as much jazz on the station as before; it is simply played in the evening rather than the afternoon. I appreciate that my hon. Friend has raised the issue previously. Jazz plays an increasingly important role in our music repertoire. We have a rich heritage in this country and we can be proud of jazz, to which many of our constituents—young and old—listen.

Football Regulation

11. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent discussions she has had with the Football Association on the regulation of professional football; and if she will make a statement. [64579]

The Minister for Sport (Mr. Richard Caborn): I have regular discussions with the football authorities and I will meet the Football Association again on 15 May. I will continue to urge the FA to implement the Burns review recommendations to ensure that it is fit for purpose in the 21st century, and to make the necessary changes without delay.

David Taylor: The £45 million of debt that successive owners of Derby County football club have accumulated threatens the professional existence of that fine east midlands club. Does the Minister agree with my constituent, James Wheeler, secretary of the Rams supporters trust, that the recent inquiry into the FA's structure should have proposed equipping it with sufficient regulatory power to protect supporters and employees from business doctors and other opportunists who continue to live the dream at the expense of the genuine supporters who will always pay to watch their side play?

Mr. Caborn: I do not know all the details about Derby County and its finances. However, the Football League has introduced the new code for fit and proper persons on boards, financial transparency and, indeed, much better management control than existed before the collapse of ITV Digital. I reiterate that implementing the Burns report would go some way to allaying my hon. Friend's fears and ensuring good governance and regulation of the game. That is needed and it is why Burns is so important to the future of football in this country.

Dr. Vincent Cable (Twickenham) (LD): As someone who represents a small professional club in the Ryman league, where salaries push £100 a week, I should like to know whether the Minister has spoken to the competition authorities about the ability of some large professional clubs to continue to operate and compete while running losses of tens of millions of pounds a year. Does that constitute the unfair business practice of predation?

Mr. Caborn: I hope that the hon. Gentleman has noted that Sheffield United have been promoted to the premier division. I just want to put that on record. In regard to the overall governance of football both here in England and in the wider Europe, we initiated—with UEFA—a review of football that is now addressing some of the issues that the hon. Gentleman has mentioned. I hope that the review will report by the end of May. It is looking into such matters as the licensing of agents, salaries, fit and proper persons and home-grown players. It is taking a comprehensive look at football in the European Union, based on the Nice declaration of 2000, and is trying to implement that declaration in an effective way.

Digital Television

12. **Ian Lucas** (Wrexham) (Lab): What steps she is planning to take to facilitate local digital television. [64580]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (James Purnell): We are continuing to work on the policy options for local digital television, including what will best make services sustainable and what might be included in a potential licensing regime.

Ian Lucas: I am grateful to the Minister for that response. In my constituency, the North-East Wales institute of higher education and Yale college contain talented young people who have produced excellent animation and digital storytelling. The difficulty is that not enough people are able to access these programmes to see the quality of the work. Will the Minister please ensure that digital local television can be introduced, so that digital television is used not just for more and more gaming channels but to provide opportunities for worthwhile work to be seen by local people?

James Purnell: My hon. Friend is absolutely right to say that Wrexham has a great deal of that kind of talent, and also that digital television must provide opportunities for much more local content. Ofcom will develop its policy on this and will give us advice over the

next few months. Of course, it is open to my hon. Friend's constituents to develop a service for broadband, cable and mobile telephones, as well as waiting for the possibility of the licensing of these services for digital local terrestrial television.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): I very much welcome the prospect of the development of local television, but will the Minister bear in mind the concerns being expressed by the Newspaper Society and others about the ambitions of the BBC in this regard? Will he encourage the BBC to work with local newspapers whenever possible? Will he also confirm that any new local service will be subject to the new regulatory arrangements outlined in the White Paper?

James Purnell: I am happy to give the hon. Gentleman an assurance on both those points. We have spoken to representatives of the BBC who are talking to local newspapers and will be happy to co-operate wherever that is the sensible thing to do. The governors of the BBC have made it clear that any proposed service will have to go through the public value test even before the new charter comes into force.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Pension Fund

18. **Miss Anne McIntosh** (Vale of York) (Con): If he will make a statement on the financial position of the pension fund operated by the Commissioners. [64558]

The Second Church Estates Commissioner (Sir Stuart Bell): The Commissioners are responsible for meeting clergy pensions arising from service up to the end of 1997. By way of a statement, at the end of 2005, the Commissioners' actuaries estimated that about £1.7 billion was required to meet their clergy pension obligations. This represented 35.6 per cent. of their fund.

Miss McIntosh: I am most grateful to the hon. Gentleman for that reply. Will he give the House an assurance that individual pensions for retiring vicars, particularly those from rural parish churches, will be adequate to fund their ability to purchase a home—they will lose their home on retirement—and that the pension will maintain its value during their retirement?

Sir Stuart Bell: It should be noted that all pensions earned from service to date are secure. It might be useful also to inform the hon. Lady that the full service clergy pension to which clergy are entitled after 37 years' service increased earlier this month by 3 per cent. to £12,037 a year. For the year from 1 April 2005, the full service pension was £11,868 a year, which ought to be adequate for the purpose that she mentioned.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will my hon. Friend urge the Church Commissioners not to transfer any deficits or bridge funding requirements to the dioceses, which would pass them directly on to rural parishes that are strapped for cash? That would inevitably lead to a ratcheting down of the future of the stipendiary ministry in this country, which cannot be in the interests of the Church of England.

Sir Stuart Bell: My hon. Friend should know and will be aware that there is a Church-wide consultation on pensions policy, which was launched on 1 March 2006. There is a clear concern in the Church about the increasing cost of the current pension scheme as a result of reduced investment returns, increased life expectancy and the impact of the new pensions regulatory framework. I will ensure that his points are properly registered within the consultation period.

Steve Webb (Northavon) (LD): The hon. Gentleman will be aware that if an employee of a private firm has his pension fund wound up with insufficient funds, the Pension Protection Fund comes into play and provides a safety net. What would be the safety net for retiring Church of England clergy were the Church of England pension fund to have insufficient resources to meet its liabilities?

Sir Stuart Bell: The hon. Gentleman makes an interesting point. As I mentioned, the pensions policy consultation is taking place. He ought to know that in 1998, 50.3 per cent. of the fund was required for pensions. That figure has been reduced to 35.6 per cent. due to investment performance exceeding actuarial assumptions. The problem is complicated, but the situation to which he refers should not arise.

Charities Bill

19. **Hugh Bayley** (City of York) (Lab): What representations the Commissioners made to the Government about the Charities Bill. [64559]

The Second Church Estates Commissioner (Sir Stuart Bell): The Church Commissioners and the Archbishops Council responded to the strategy unit's report on charity law reform. Subsequently, they discussed with the Home Office the likely implications of the proposed legislation for various parts of the Church.

Hugh Bayley: Church of England cathedrals, which are such an important part of the national heritage, are always in need of funds. York minster, for instance, is seeking £20 million to restore the east window. Does my hon. Friend agree that cathedrals would find it easier to raise money from the public were they as closely regulated as other church charities and therefore less likely to fall into the sort of difficulties that befell Bradford cathedral, which, incidentally, has still not paid my constituents who work for the company Past Forward for the work that they did for Bradford cathedral's exhibition?

Sir Stuart Bell: My hon. Friend will know, as he has raised the question previously, that cathedrals are legally and financially independent bodies, governed by the Cathedrals Measure passed by Parliament in 1999. That

ensures accountability and compliance with proper standards of financial management. Unfortunately for him, the Measure came into effect after the Bradford problem developed.

ELECTORAL COMMISSION

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Overseas Residents

21. **Mr. Nigel Evans** (Ribble Valley) (Con): How much the Electoral Commission is spending on the promotion of voting in British elections by British residents overseas in 2006. [64562]

Peter Viggers (Gosport) (Con): Only Crown servants, members of the armed forces and their spouses or civil partners are eligible to vote in local elections from overseas. More than £55,000 has been spent promoting participation among those groups in the 2006 local elections. The commission also plans to spend a further £12,000 to provide materials to support the registration of British citizens living overseas, Crown servants and service personnel at the annual canvass in autumn 2006.

Mr. Evans: I thank my hon. Friend for that response. He will recall, however, that the amount of money that the Electoral Commission spent prior to the last general election on informing overseas voters that they were eligible to vote was a small percentage of its total budget. Will he encourage the Electoral Commission to consider in the long term its expenditure on informing British citizens abroad of their eligibility to vote at the next general election, whenever that might come, to ensure that a fair percentage of the allocated budget is spent ?

Peter Viggers: My hon. Friend makes a fair point. He will know that only some 17,000 voters are registered to vote from overseas. The Electoral Commission takes that into account in assessing its budget. My hon. Friend has made his point and has been pursuing it assiduously.

Mr. Andrew Tyrie (Chichester) (Con): As my hon. Friend will know, a substantial proportion of overseas voters are service personnel. At the last election, a large proportion of them were effectively disfranchised, which was disgraceful. What progress is the Electoral Commission making to ensure that service personnel are never again disfranchised as they were at the last election?

Peter Viggers: My hon. Friend has taken the lead on this issue, and I congratulate him on that. I am pleased to be able to give him good news. A registration survey has been undertaken by the Ministry of Defence and supported by the Electoral Commission. It asks questions about a number of matters, including whether service personnel were registered before the 2005 general election, how they were registered—as ordinary, overseas or service voters—whether they voted in the general election and why some people are not registered to vote. It also asks questions about how civil service personnel are currently registered, and about their views on the commission's service registration booklet. The commission understands that the results of the MOD's survey will be available in May.

Election Expenditure

22. **Mr. Graham Allen** (Nottingham, North) (Lab): Whether the commission plans to review limits on expenditure by candidates in general elections; and if he will make a statement. [64563]

Peter Viggers (Gosport) (Con): The commission made recommendations in January 2005 in respect of the variation of election expenses for candidates in United Kingdom parliamentary and English and Welsh local government elections. They were accepted by the Government, and came into force on 4 March 2005. The recommendations also outlined the commission's view of the need for a more fundamental review of candidate and party spending limits in the future.

Mr. Allen: The Electoral Commission should be encouraged to conduct a far-reaching review. It is rather strange in this day and age that most Members of Parliament can spend no more than £7,000, £8,000 or £9,000 during a general election campaign. Nowadays, that barely covers the cost of three or four leaflets. I do not suggest that we should go to the extremes of American politics, in which someone must be a millionaire to run for local dog catcher, but there must be a better perspective on allowing Members of Parliament and parliamentary candidates to spend money on conveying the message from whichever party to the electorate. Does the hon. Gentleman agree that only if we do that will we revive politics locally, and prevent it from being seen entirely as a feature of national life?

Peter Viggers: The commission takes the view that inquiries and discussion would indeed be valuable. It informs me that it expects those issues to be addressed by the reviews of the funding of political parties that are being undertaken by Sir Hayden Phillips and the Select Committee on Constitutional Affairs. It plans to contribute to both reviews.

Mr. David Heath (Somerton and Frome) (LD): Will the hon. Gentleman tell us what progress has been made in the inquiry into widespread abuse by the application of central funding to local campaigns in the general election, which are currently off limits? Is a conclusion expected to be reached in time for the Government to table appropriate amendments to the Electoral Administration Bill in another place?

Peter Viggers: I do not think it would be appropriate for me to reply on behalf of the Speaker's Committee to the hon. Gentleman's question about the inquiry, but he has made his point.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Pension Fund

23. **Michael Fabricant** (Lichfield) (Con): If he will make a statement on pension funds available for future retired clergy. [64564]

The Second Church Estates Commissioner (Sir Stuart Bell): In common with most other organisations that provide defined-benefit pension schemes, the Church of England is having to review its pension arrangements as a result of increased costs and new regulatory requirements. The hon. Gentleman asks for a statement. There will be widespread consultation in the Church before any decisions are made, which will include reference to the General Synod.

Michael Fabricant: The hon. Gentleman will be aware of the concern among people working in the Church about the future of their pensions, and of the concern about whether new people joining the clergy will have final pension schemes. Is he prepared to go as far as the John Lewis Partnership? In that instance, not only is the existing pension scheme secure, but future members of the partnership will have final pension schemes.

Sir Stuart Bell: As the hon. Gentleman knows, under the Pensions Act 2004 new regulations were introduced that have altered the way in which pension funds must calculate their liabilities and returns on contributions. The Act requires pension schemes to make prudent assumptions about investment returns, and to make good any deficit more quickly. I referred earlier to widespread consultation in the Church. The hon. Gentleman's points will be taken into account in that consultation.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The hon. Gentleman will know that the subject of pension fund returns to the clergy has been controversial for, I believe, as long as I have been a Member of Parliament. Can he tell us whether the Church of England uses benchmarking for the performance of its pension fund? If so, how does it compare with others?

Sir Stuart Bell: In fact, the benchmarking of the pension fund refers to the investments of the Church Commissioners, which are appropriately benchmarked. The hon. Gentleman will see from next week's annual report that, as I am happy to inform him, our returns will be some £4.7 billion, which shows that we are not merely adequately benchmarked but ahead of the field.

PUBLIC ACCOUNTS COMMISSION

The Chairman of the Public Accounts Commission was asked—

National Audit Office

25. **Mr. Philip Hollobone** (Kettering) (Con): What recent assessment the Commission has made of the level of funding of the National Audit Office. [64566]

Mr. Edward Leigh (Gainsborough) (Con): The Public Accounts Commission considered the NAO's proposed estimate for 2006–07 on 28 February 2006 and endorsed its request for £70.4 million in resources for the current financial year. The NAO will use these resources to support parliamentary scrutiny of Government programmes through a financial audit of some 470 central Government accounts, the production of 60 major reports on public expenditure programmes and the provision of advice and support for the Public Accounts Committee and other Select Committees.

Mr. Hollobone: I congratulate my hon. Friend on the tremendous work done by the NAO. Which report does he regard as its most successful?

Mr. Leigh: My hon. Friend may be aware that the Comptroller and Auditor General is entirely independent in terms of the reports that he brings to Parliament, but there was one report that I encouraged him to introduce. It was described by the Chief Secretary to the Treasury as a tour de force—it was written, of course, by the NAO and I take no credit for it—and it looked at how we can reduce waste across government. Whatever may divide this House in policy terms, surely we are united in the view that there is always room for improvement in abolishing waste in government, hence the report.

Chris Bryant (Rhondda) (Lab): I wonder whether the amount that the hon. Gentleman referred to will be enough to conduct a full survey of the BBC's accounts. Does he believe that the NAO should adopt a complete and unfettered approach to the BBC's accounts?

Mr. Leigh: I agree; indeed, we have conducted a long-standing campaign to open up the BBC's accounts and have reached a voluntary arrangement in that regard. But there is no reason why this Parliament and the PAC should not have full oversight of the BBC, which spends up to £3 billion a year based on what is fundamentally a poll tax.

ELECTORAL COMMISSION

The hon. Member for Gosport, representing the Electoral Commission, was asked—

Polling Stations (Access)

26. **Mr. Peter Bone** (Wellingborough) (Con): What the Commission's policy is on reducing the distance travelled by voters to a polling station. [64567]

Peter Viggers (Gosport) (Con): The Commission has published guidance on the factors that should be considered in deciding the location of polling stations, including voters' access needs. However, the responsibility for designating polling districts and places rests with local councils, which are required to do so with a view to giving all voters in their area such reasonable voting facilities as is practicable.

Mr. Bone: Will my hon. Friend comment on the fact that in recent by-elections in my constituency, polling

stations have been withdrawn and people have had to travel a considerable distance to vote, which has discouraged them from voting? Will he take that into account and see whether anything can be done to change the situation?

Peter Viggers: The Commission cannot initiate a review of the location of a polling station. However, groups of 30 or more voters, and parish councils and their equivalents in Scotland and Wales, can make representations to the Commission if they believe that there is inadequate provision of facilities for voting in parliamentary elections in a particular area. The Commission may then decide to direct local authorities to alter polling places or stations.

Points of Order

Several hon. Members *rose—*

Mr. Speaker: Order. I am going to reply to a point of order, and then we will have today's points of order.

On 15 February, I undertook to investigate a matter raised with me by the hon. Member for West Chelmsford (Mr. Burns). I know that the House will understand why my response is a little later than I would have wished. On 26 January, the hon. Gentleman tabled a priority written question to the Department of Health about a private finance initiative contract at his local hospital. The question was for answer on 31 January. On that date, the Department gave a holding reply, but it did not answer the question until a fortnight later, on 14 February. The hon. Gentleman also raised with me the fact that the text of that answer had been e-mailed by the Department to a journalist the previous day. The Minister concerned—the Minister of State, Department of Health, the hon. Member for Doncaster, Central (Ms Winterton)—wrote to me on 15 February apologising for the delay. She undertook to redouble efforts to ensure that questions were answered promptly. I am grateful, but the delay in this case was far too long.

On the sending of the e-mail, the Minister said that her Department received many requests for information through parliamentary questions, letters and telephone inquiries, and that she would expect answers to be consistent. This misses the point. Parliamentary questions are not to be regarded as just one sort of request for information. They are a key element in the accountability of Ministers to Parliament, and must be treated as such. In this case, the reply given to the journalist was more than simply consistent with the reply later given to the hon. Member: it was identical. This should not have happened, and I hope that lessons have been learned.

Mr. John Redwood (Wokingham) (Con): On a point of order, Mr. Speaker. Have you been notified of the Health Secretary's intention to make an urgent statement to the House and answer questions on the crisis in the NHS? Otherwise, we will be in the same position on this matter, with the Health Secretary out and about giving all sorts of information to the media and answering questions from them, but saying nothing in this House on a matter of grave concern to right hon. and hon. Members on both sides.

Mr. Nigel Evans (Ribble Valley) (Con): Further to that point of order, Mr. Speaker. Following the remarks by the Secretary of State for Health, I looked at the accounts of a hospital in Fullwood in my constituency, and found that it has a deficit of £4 million. I will not now have an opportunity to question the Secretary of State on that until after the Whitsun recess. Could she be brought to the House so that MPs have an opportunity to question her on her statement?

Several hon. Members *rose—*

Mr. Speaker: Order. This matter has been raised in the House, and it will be raised again. Therefore, what the Secretary of State has said outside the House has already been brought to the attention of the House. It is my priority that the Secretary of State keep the House informed, and as long as she does so, she conforms to the requirements that I have always stipulated. There are ways of questioning a Minister other than orally; as the hon. Member for Ribble Valley (Mr. Evans) knows, questions can be put in written form.

Mr. Richard Spring (West Suffolk) (Con): Further to that point of order, Mr. Speaker. Following your comments and the points about the Health Secretary, I was a porter at Newmarket hospital on Friday morning, and there has been a collapse ... morale in the health service—*[Laughter.]* That was because I offered them a visit by the Health Secretary. Given the problems of closure of wards and theatres and the collapse in morale, I hope that the Health Secretary will come to the House as a matter of urgency to explain the rising deficits and all the other problems of the NHS.

Mr. Speaker: I used to be a full-time officer looking after porters, and in the old days I would have given the hon. Gentleman a union card.

Mike Penning (Hemel Hempstead) (Con): Further to that point of order, Mr. Deputy Speaker. [HON. MEMBERS: "Mr. Speaker!"] I apologise, Mr. Speaker. Following your comments that the House should be fully informed, may I say that 700 jobs have been lost at my hospital trust since the Secretary of State came to the House for questions, and that we have a deficit of £30 million? Doctors, nurses and porters are being made redundant, and the House has not been informed about that.

Mr. Speaker: I am sorry, because I never like to hear about job losses and redundancies in any industry. It is the job of a local Member of Parliament to put those matters on the record in the House. The hon. Gentleman has done so, and I am sure that he will find other opportunities.

Orders of the Day

Finance (No. 2) Bill

[Relevant document: Fourth Report from the Treasury Committee, Session 2005–06, HC 994 on the 2006 Budget.]

Order for Second Reading read.

Mr. Speaker: I have to inform the House that I have selected the reasoned amendment in the name of the Leader of the Opposition.

3.39 pm

The Chief Secretary to the Treasury (Mr. Des Browne): I beg to move, That the Bill be now read a Second time.

In the Chancellor's 10th Budget, my right hon. Friend set out our position of economic stability and growing economic strength: 54 quarters of consecutive growth, inflation at the 2 per cent. target, interest rates at sustained lows and growth of 2 to 2.5 per cent. above France, Germany, Italy and Japan. The Bill will maintain that position and strike the right balance between tax, spending and borrowing. It is part of the mechanism whereby we will deliver on the wider commitment and vision of a productive, enterprising, competitive Britain.

With the pace of world economic change accelerating, the pre-Budget report, the Budget and the Bill combine to strengthen Britain for the global opportunities ahead. Through those measures, we can lead the world in the new industries and technologies that increasingly shape our future, with more highly skilled jobs with higher wages; new choices for parents to balance careers and family life; investment and reform in public services, housing and our infrastructure; building on the climate change levy to meet the energy and environmental challenge; and securing fairness for each child by investing in every child. That is our vision—equipping Britain for the global challenges ahead; it is a vision of a modern Britain that leads in enterprise and prosperity because we lead in opportunity and fairness.

Mr. John Redwood (Wokingham) (Con): Carbon emissions have been going up despite the Government's tax policies. Does the Chief Secretary think that with the changes in the Budget, they will go down?

Mr. Browne: When I deal with the Bill's provisions I will come to our expectations in terms of carbon emissions, but I can reassure the right hon. Gentleman that our climate change levy and related policies on carbon emissions will ensure that we meet our Kyoto target and will make a significant contribution to the reduction of carbon emissions.

Rob Marris (Wolverhampton, South-West) (Lab): I do not know whether my right hon. Friend is familiar with the document "Climate Change: The UK Programme 2006", published by the Department for Environment, Food and Rural Affairs. I am dismayed that less than 10 per cent. of the document deals with adaptation to climate change, on which the UK is significantly behind. It is all very well to go on about carbon emissions and so on, which is important, but the UK produces only 2 per cent. of greenhouse gases. We need to adapt our country to deal with rising sea levels and the other challenges caused by inevitable climate change.

Mr. Browne: I am grateful to my hon. Friend for setting the wider context for the debate in relation to climate change, and for indicating something that the House may already know: not only does the Treasury have responsibility, through provisions in the Finance Bill, for part of the programme addressing such issues, but that responsibility is shared across the Government, principally by my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs and her ministerial colleagues in DEFRA. My hon. Friend is right to point out that only 2 per cent. of carbon emissions are produced in the UK. That was a significant part of the reason my right hon. Friend the Chancellor made the speech at the weekend to an international audience, explaining our international responsibilities for dealing with such issues, including protecting our environment from the effects of climate change.

I turn to the details of the Bill, and I will talk first about productivity and competitiveness. To raise our game as a nation we must meet the productivity challenge. The logic is simple. With the right long-term decisions Britain can lead in some of the fastest growing and highest value-added sectors—City and business sectors, education and health, creative and science-based industries. As my right hon. Friend pointed out, those once small sectors now cover a third of our economy and exports, and will soon see a much higher share of jobs and wealth.

The House will remember the cycle that ended in 1997, and productivity is estimated to have grown at a rate of 2.59 per cent. over the first half of the current economic cycle—higher than the growth of 2.04 per cent. over the previous economic cycle. After decades of being behind, Britain has caught up with Germany in productivity, is ahead of Japan and has halved the gap with France. We must not put that opportunity at risk.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The Chief Secretary has just explained how well he thinks Britain is doing in terms of growth in the economic cycle, but will he explain why our balance of payments is getting so much worse month by month? What can be done to halt that trend?

Mr. Browne: Of course the hon. Gentleman recognises that we are a trading nation and that our ability to trade will significantly contribute to our future. If he had listened to the last few chapters—or rather, paragraphs—of my contribution, he would know that I have set out clearly which sectors we in government have identified as providing the growth in our trade, and I had not understood that there was any difference across the House on the sectors where growth and improved productivity are possible and ought to be encouraged. Indeed, I have shared television studios with the shadow Chancellor of the Exchequer when he has made the very same point.

Our duty is to support such growth for years to come, and the Bill delivers on that promise, by targeting support to the cutting-edge sectors of our economy, to

the creative industries—to our athletes, indeed—and to business. It is both a flexible and a tailored response. It introduces and builds on generous film tax relief for the production of culturally British films, with an eye on the benefits that those films bring, by replacing the existing relief and providing a new foundation to ensure the proper taxation of film production companies in general.

We have extended the research and development tax credit, by which £1.8 billion of support has been already claimed by companies that undertake research and development, and to support our high-tech cutting-edge industries clause 29 will expand their qualifying costs. To bolster business, the Bill will introduce a temporary increase in the amount of first-year allowances for small enterprises, thus enhancing support for new investors and increasing first-year capital allowance from 40 to 50 per cent.

Stewart Hosie (Dundee, East) (SNP): The Chief Secretary mentions an increase in the R and D tax credit and the total sum awarded so far. However, in February 2005 the Paymaster General said that £670 million would be available for the R and D tax credit in 2004–05. When the Financial Secretary wrote to me in October last year, he told me that only £290 million had been allocated—so what confidence can we have that all the money set aside for the R and D tax credit will in fact go to that cause?

Mr. Browne: Of course the hon. Gentleman well knows that the Government make available resources for certain purposes, and that those are drawn down. I do not have the detail available to respond to his specific question about the numbers—I apologise to the House for that, Mr. Speaker—but I will seek to ensure that that issue is addressed before the debate is closed.

Chris Bryant (Rhondda) (Lab): My right hon. Friend referred to the package of measures for the film industry. He will know that it is particularly important for the film industry to know some considerable time in advance what package of measures will be provided for it. When measures have changed suddenly in the past, British films have suddenly collapsed, so I wonder whether he will say how long-term he expects this set of measures to be.

Mr. Browne: I am sure that hon. Members on both sides of the House agree with the point that my hon. Friend makes. If people are to make long-term investments, they need a degree of long-term certainty, and I understand that these provisions are intended to be long-term.

Clause 91 also doubles the annual limit for investments under the enterprise investment scheme to £400,000. That will incentivise greater investment in small growth companies across our economy. We have boosted support for effective venture capital, too. Financial services in general and the City in particular are crucial sources of wealth and prosperity for the UK, and venture capital plays an invaluable role in investing in our businesses and promoting economic growth.

To ensure that the industry has a solid foundation for stable fundraising and continued growth, the Bill guarantees the rate of income tax relief for investments in venture capital trusts at 30 per cent. for the rest of this Parliament. The chief executive of the British Venture Capital Association, Peter Linthwaite, has backed that. He said that it means that we have

"listened to the BVCA about the important role VCTs play in bringing investment to the smaller, entrepreneurial sector of the market".

Enterprise, productivity and competition can be no better symbolised than by the Olympics and the Paralympics, which we have the honour of hosting in 2012. Those games will be a once-in-a-lifetime event for this country, and we can do our bit with the Bill by delivering on the commitments that we made as part of the original bid. Among other things, the measures exempt the London Organising Committee of the Olympic games from corporation tax and provide powers to ensure that the International Olympic Committee will not have a taxable presence in the UK.

Jeremy Wright (Rugby and Kenilworth) (Con): I have listened with interest to the variety of groups that the Chief Secretary has described as benefiting from the Bill. May I ask him about one that will not? Will he explain to the House why the Government concluded that pensioners needed £200 to help with their council tax last year, but not this year?

Mr. Browne: The hon. Gentleman will be aware, because it has been explained before in the House, that not only have this Government been significantly more generous in supporting local government than his party was at any time when it was in power—indeed, his party cut the support that it gave to local government—but we found additional support across Government for this year and next year, too. I was involved in that. As he will remember, the £200 was announced in two stages, in the previous pre-Budget report and the previous Budget. It was made clear that that payment was for 2005.

I want to mention not only competitiveness and productivity, but fairness, too. If Britain is to lead in the global economy, we must be not only a prosperous but a just society. That means helping those who can excel and offering a fair chance of a bright future to everyone. The Bill supports our sporting potential, but it also supports our giving potential. We are introducing measures, which are welcomed by charity representatives, to protect the integrity of reliefs for charitable giving and to assist greater collaboration by charities in trading companies.

This is all about fairness. On that theme, and following the Paymaster General's statement last July, the Bill also legislates to ensure that compensation payments paid by foreign banks to holocaust victims or their heirs are exempt from tax. Fairness is important in our society, so the Bill also legislates to clamp down further on tax avoidance and tax fraud—two activities that cheat the majority of our people who pay their fair share.

Mr. Peter Atkinson (Hexham) (Con): The Chief Secretary talks about fairness, but does he think that it is fair that the Inland Revenue should surcharge farmers who fail to pay their tax bill on time because they are owed so much money by the Department for Environment, Food and Rural Affairs?

Mr. Browne: I am unaware of any individual case in which that has happened to a farmer. If the hon.

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Gentleman brings that issue in respect of any individual farmer to the attention of my right hon. Friend the Paymaster General, I am sure that she will look at that case.

Mr. Tobias Ellwood (Bournemouth, East) (Con): May I just go back to the issue of the £200? I want to understand why it was necessary to give £200 to pensioners before the election but it is not necessary now, when gas prices—energy prices—have increased. If ever pensioners needed support, it is now.

Mr. Browne: The hon. Gentleman asks me why one should provide support for council tax. If there is to be consistency of argument, it hardly seems logical that support for council tax payers should be a reflection of the pressure of energy prices. The specific answer to his question is that there were a number of years of rises in council tax of about 7 per cent., and at the conclusion of that, among other things, the Government offered support to pensioner households. As I have explained already to the hon. Member for Rugby and Kenilworth (Jeremy Wright), that support was first announced at £50 for households with pensioners in a certain age group, for 2005, and then increased to £200 in last year's Budget, because my right hon. Friend the Chancellor was able to find more resources for it.

Like all hon. Members, I have significant sympathy for those on fixed incomes who have to face the pressures that increased energy bills generate. However, it is unlikely that I, as a Minister, or any other Labour Member, will take any lessons from a party with such a record on VAT on energy and a lack of support for the steps that we have taken to help the poor. The answer to the hon. Gentleman's question is that year after year while we have been in power, we have supported pensioner households with specific payments to help them with their energy costs. We have given winter fuel allowances to households, and increased and maintained them. We indicated in the Budget that year on year, pensioners can look forward to such support.

Mr. John McFall (West Dunbartonshire) (Lab/Co-op): If the Minister reads the very fine report by the Treasury Committee published today to assist the House in this Second Reading debate, he will note that paragraph 116 says, in bold:

"the rise in council tax over 2005–06 and 2006–07 is forecast to be the lowest since 1997."

No doubt that influenced the Treasury's thinking.

Mr. Browne: I am grateful to my right hon. Friend, as Chair of the Treasury Committee, for the report, which was published at 11 o'clock. I have a copy of it here. No doubt the fact that he has quoted part of it will give licence to many hon. Members to take advantage of the significant work that the Committee has done. He can look forward to the Government's response to the report being made in the normal manner. He is right to record that by dint of significant engagement with, and additional support to, local government, we have managed recently to sustain increases in council tax that reflect that support and indicate that there is now efficiency that was not there before.

I am sure that hon. Members on both sides of the House agree that we have a duty to act swiftly, yet proportionately, to prevent abuses due to avoidance and fraud. After all, as we all know, such tax avoidance can undermine the funding of public services and is unfair on those who pay their fair share. Minimising its impact on the majority of taxpayers is vital. However, fraud is a complex area and our response to it must be sophisticated. For example, on missing trader fraud, the Bill provides for a change in accounting procedures for certain goods in clause 19. It clarifies the power to inspect goods in clause 20. It will also enable Her Majesty's Revenue and Customs to target businesses' record-keeping requirements to help to identify fraud. On a matter that is more widely reported, clause 2 will make it harder for smugglers to source illicit cigarettes and hand-rolling tobacco.

The tax system will be significantly simplified for small businesses by replacing the starting and non-corporate distribution rates of corporation tax with a single banding for small companies set at the current small companies rate, which will allow small companies to spend less time dealing with their tax affairs and more time growing their businesses. As the Institute of Directors noted when it welcomed the announcement, that will also increase the fairness of tax treatment between small businesses that operate in different legal forms.

Fairness extends to a range of areas. For example, many employees have benefited from the home computer initiative exemption to get a computer in their homes for personal use. The initiative has worked well, but times have changed and are changing rapidly, so the Bill repeals that exemption for a loan of computers to employees for personal use. However, I make it clear that personal computers and mobile phones provided for business use are not affected by the change. If a person already has a PC, the arrangements will not be affected by the change.

We are making the change to reflect the reality on the ground. The cost of computers has fallen dramatically, and for the vast majority of those using the exemption, access to information technology has improved, too. In the interests of fairness, we must now target resources on those who need them most: the poorest groups in society, which cannot always access IT. That is why we are looking to build on the success of our UK Online centres, which now number more than 6,000 throughout the country; it is why the Department for Work and Pensions is examining how to improve access to IT for the elderly; and it is why we will continue to consider this area throughout the comprehensive spending review.

Fairness is also about giving a fair deal to hard-working families, which is why clause 156 raises stamp duty thresholds. That takes some 40,000 home buyers out of stamp duty each year and, when added to the doubling of the threshold last year, means that some 400,000 home buyers are now out of the stamp duty range.

Julia Goldsworthy (Falmouth and Camborne) (LD): Does the right hon. Gentleman think it fair that the richest 20 per cent. pay less in tax as a proportion of their income than the poorest 20 per cent.?

Mr. Browne: I thank the hon. Lady for her question, and take this opportunity to welcome her to her position on the Front Bench. With respect, I think that crude assertions, drawing arbitrary lines in percentages and then making comparisons, does not assist us in deciding what is fair. *[Interruption.]* The shadow Chancellor says from a sedentary position, "They're your figures." It is irrelevant whose figures they are; I am referring to the comparison. It is not a test of fairness to produce two sets of figures and compare them. The operation of the tax system and the various means of support that the Government provide for many hard-working families contribute to the overall fairness of the system.

Measures in the Bill will also ensure continued fairness, innovation and a level playing field for the alternative finance arrangements used in particular by the Muslim community. With clauses 103 to 146, we are introducing real estate investment trusts to improve the efficiency of our residential and commercial property markets and to allow smaller investors to access property returns.

We have also acted to change part of the inheritance tax regime for trusts, specifically bringing accumulation and maintenance trusts and interest in possession trusts into the mainstream rules for other kinds of trusts. The Bill limits the scope for people to use trusts to avoid paying inheritance tax and reduces from 25 to 18 the age at which children gain access to trust assets. In effect, that continues our work to close loopholes in the inheritance tax and trust regimes and to ensure that people pay their fair share of tax, while protecting vulnerable people.

What the Bill does not do, however, is also clear. This measure is not retrospective, and we have provided a two-year transition period to give time to reorder financial affairs if needed. Only trusts with assets above the inheritance tax threshold will have to pay any charge under the revised rules, and no one who wrote a life insurance policy in trust before Budget day will have to pay a new inheritance tax charge as a result of these changes. On the point about reducing the relevant age for those trusts, let me just say this: on reaching their 18th birthday people can vote, fight for their country and even get their child trust fund, but as things stand they may not get their trust assets for another seven years. That is an anomaly, and the Bill fixes it.

Fairness is a matter for all parts of our economy and for all industries, so let me turn briefly to oil. Sustained increases in oil prices since spring 2004 have led to an upward shift in the medium-term outlook for oil prices. The same is true of a significant unforeseen economic rent from North sea oil and gas production. That is why we are introducing a package of measures to reform the North sea fiscal regime, including an increase in the rate of supplementary charge on profits from exploitation of our oil and gas reserves. That will ensure that the regime continues to strike the right balance between oil producers and consumers. Let me be clear on this: North sea oil is a critical sector for the UK, and it is only right and fair that we should all share in the profits of increased prices—producers and consumers alike.

I turn now to productivity, competitiveness and fairness. Building on the Budget and the pre-Budget report before it, the Bill targets support in a flexible way that is more responsive to our global economy. It also increases our support for the environment. Today, 98 per cent. of emissions occur outside Britain. Climate change is an enormous threat to Britain and to the world. It is complex but it is real, and all Governments must act. With the climate change levy we did just that.

As my right hon. Friend the Chancellor of the Exchequer said, the resulting climate change agreement and the carbon trust funded by it have reduced carbon emissions by a total 28 million tonnes. That is why we are already able to meet our Kyoto targets. What is more, in each of the next five years climate change measures will reduce emissions by more than 6 million tonnes. By 2010, that will amount to some 40 per cent. of our total carbon reductions. Given the climate change levy, more than 10,000 businesses have signed climate change agreements. Under the carbon trust, some 3,000 businesses have reduced their emissions. Enhanced capital allowances have underwritten investment in 13,000 energy-saving products.

Building on that, clause 172 will increase the rates in line with current inflation, introduced from 1 April next year. The Bill also amends the structure of company car tax and vehicle excise duty to strengthen existing incentives to use environmentally friendly vehicles.

Philip Davies (Shipley) (Con): We heard from the Chairman of the Select Committee, the right hon. Member for West Dunbartonshire (Mr. McFall), about the report issued today by that Committee. It includes a statement that in the context of trying to deal with climate change, the Government's position in not raising air passenger duty for the fifth year running is incoherent and unconvincing. Does the Chief Secretary accept that the Government are not making the fullest possible use of taxation mechanisms to deal with climate change?

Mr. Browne: I knew that the reference by my right hon. Friend the Member for West Dunbartonshire (Mr. McFall) to his Committee's report would encourage others to trawl the report. I am not surprised that the hon. Member for Shipley (Philip Davies) picked a headline from the report—the reference to air passenger duty. In due course, as I explained to my right hon. Friend, the Government will respond in the normal way to the report, dealing with matters in some detail. As for the cost of air transport, as the hon. Gentleman will know, a number of airlines have introduced fuel surcharges. For example, British Airways charges £8 for flights in Europe, which is equivalent to a 60 per cent. increase in air passenger duty. British Airways charges £35 for non-European flights. These charges have not had an appreciable impact on demand.

The Government keep all these matters under strict review. Standing at the Dispatch Box within hours of the report having been published, having had the opportunity of going through it only once, I do not accept that what is in the report is necessarily the proper interpretation of the evidence that the Select Committee heard. There is still room for the Government's response to the report, as the hon. Gentleman would expect.

It is correct that air passenger duty was frozen in the Budget, and has been frozen every year since 2001. Decisions need to be considered in the context of wider social and economic factors, such as the current volatile

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oil market and the experience of surcharges in relation to that volatile market that we have recently seen. The Government believe that the most effective approach to addressing the international challenge of aviation emissions is through a trading scheme. That is the Government's current view, and it has been in the public domain. The Government are continuing to press for the inclusion of aviation in the EU emissions trading scheme as soon as possible after agreement. The hon. Gentleman will have to wait further for a more detailed and comprehensive response to the Select Committee's helpful report.

The Government's approach to environmental matters has been welcomed by environmental organisations such as Greenpeace. The Green Alliance said that my right hon. Friend the Chancellor of the Exchequer

"has set the right direction of travel on climate change".

However, as the Chancellor has made clear, we need strong leadership to take the tough decisions required to tackle climate change.

Rob Marris: I am grateful to my hon. Friend for giving way again. He has set out the many laudable steps taken by the Government to deal with emissions of climate-changing gases, for example. What measures are there in the Budget for taxation to deal with the adaptation of the United Kingdom to climate change that is inevitable? What are the tax measures in the Budget and the Finance Bill in that regard?

Mr. Browne: I have to tell my hon. Friend that to my knowledge there are none; I think that that is the honest answer to his request. As I said to him earlier when he raised the same issue using a slightly more tangential approach, I accept that there are responsibilities beyond what can be done in the Finance Bill in response to environmental and climate change.

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): May I suggest to my right hon. Friend that some of the provisions affecting research and development may well lead to measures to help to tackle emissions?

Mr. Browne: Of course, the provisions on research and development could lead to diverse approaches to scientific matters. There must be room for scientific developments to respond to the very challenge that my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) has drawn to the attention of the House. I am therefore grateful for the assistance of my hon. Friend the Member for Newcastle upon Tyne, North (Mr. Henderson) in highlighting, if not a direct provision, that potential support in the Bill, for the benefit of our hon. Friend the Member for Wolverhampton, South-West.

The Bill provides a platform of stability, and is another step towards realising our vision of a productive, competitive, enterprising Britain, which leads the world in new industries, with better technologies, first-class education, effective environmental stewardship and more highly skilled jobs with higher wages, as I have said. The Bill provides new choices for parents, investment and reform in public services, and initiatives to meet the energy and environmental challenge. It secures fairness for each child by investing in every child, and equips Britain for the global challenges ahead. Our drive in government is to improve the UK's position as the best location for inward investment by strengthening our reputation as one of the world's finest locations for higher education, by promoting London as the world's leading international centre for financial and business services, and by investing in skills.

Only by working together can productivity and fairness advance, and in 2006 we have an opportunity—indeed, a duty—to achieve that goal. We have an opportunity to sustain long-term investment in public services and in infrastructure. We have a duty to meet the fiscal rules, to support the needs of business and to make necessary long-term investments. The Bill prepares us to take that opportunity and to fulfil our duty by supporting enterprise, productivity, innovation and business with stability and growth. The Chancellor set out a Budget for the future, and for a strong and strengthening economy. The Bill helps to makes it a reality, and I commend it to the House.

4.12 pm

Mrs. Theresa Villiers (Chipping Barnet) (Con): I beg to move, To leave out from "That" to the end of the Question, and to add instead thereof:

"That this House declines to give a Second Reading to the Finance (No. 2) Bill because the provisions contained in its two volumes and 475 pages increase complexity and instability in the tax system, discouraging business investment and damaging productivity and penalise hard-working prudent families seeking to provide responsibly for their future; and because the provisions undermine attempts to improve IT skills by abolishing the UK's Home Computer Initiative, damage enterprise by abolishing the 0% rate of corporation tax, leave the UK with an ever-rising tax burden that damages its competitiveness and fail to prepare the country for the challenges and opportunities of the globalised world economy."

I am pleased to follow the Chief Secretary, who opened our debate. I look forward to working constructively with him and his team on this important Bill and welcome the contribution made by the Treasury Select Committee in a report that will help, I am sure, to inform our debate. We broadly support what the Government seek to do in a number of provisions, but of course we wish to examine the details in Committee. We will look positively at anti-avoidance provisions, but we will seek to ensure that they target genuine tax loopholes and do not involve excessive compliance costs and complexity. I welcome the Chief Secretary's confirmation that the Government wish to ensure that those provisions operate proportionately. In the past, that has not always proved the case, so we will endeavour to ensure that the Bill achieves that aim.

We welcome, too, the attempt in clause 19 to crack down on MTIC—missing trader intra-community—fraud, but we are concerned that the Bill does not include an implementation date,. Given the vast sums lost to the Exchequer as the result of such fraud, I hope that the Paymaster General will assure the House in her reply that the Government have received the necessary

EU derogations or that they are confident that they will receive EU permission to put those proposals into effect. With certain reservations, we welcome part 4, which deals with real estate investment trusts. My hon. Friend the Member for Rayleigh (Mr. Francois) will expand on that topic in his winding-up speech.

Turning to the more controversial matters, in Finance Bill debates in the past nine years, it has almost become a ritual for the Opposition to express grave concern, not just about tax increases but about tax complexity. As we are about to embark on scrutiny of the Bill's two volumes, 181 clauses and 25 schedules, I imagine that this year will prove no exception. For example, Ernst and Young's Chris Sanger said of the Budget press notices:

"Confusion has been heaped on complexity. This is not the way to keep businesses in the UK or encourage them to invest here."

We have 23 clauses and two new schedules on film tax alone, on top of lengthy existing legislation. As the hon. Member for Rhondda (Chris Bryant) pointed out, this is a matter on which there have been repeated amendments to legislation over the past few years.

Chris Bryant: I am afraid that the hon. Lady cannot pray me in aid on this matter. The whole point is that the measures replace legislation that was not working and did not provide the stability that the film industry needs. If she is going to try to lecture Labour Members on support for the film industry, we will give it short shrift.

Mrs. Villiers: The point that I was making was that there has been significant instability in the film tax regime, which has made it extremely difficult for the film industry to plan, as the hon. Gentleman pointed out.

Chris Bryant: There was immense stability under the Conservative Government in support for the film industry, because there was none.

Mrs. Villiers: The hon. Gentleman cannot deny that there have been repeated amendments to the film tax regime over the past few years. We have seen the film tax regime used in large part for tax avoidance and it has had very limited success in supporting the film industry. We will be looking at the clauses to see whether we can make them more successful than the Government have so far been able to make such provisions.

It is not just the huge complexity of the tax system that is undermining our competitiveness, but the instability and unpredictability of the Chancellor in his nine years in office. If the hon. Member for Rhondda does not want to take my word for it, he should listen to the comments of Frank Haskew of the Institute of Chartered Accountants:

"The UK corporation tax system appears to be caught in a culture of endless change and increasing regulation that does not allow businesses to plan properly."

This stop-go approach has left us with what is basically continuing revolution in the tax system, making it much harder for businesses to plan for the future. That is damaging our competitiveness and it must be one reason why business investment and productivity growth have fallen significantly in recent years.

Mr. Redwood: Does my hon. Friend agree that the Irish example of "Keep 'em low and keep 'em simple" is the way to be inundated with new business and talented people, and it gets more tax revenue, because the rates are lower and the system easier?

Mrs. Villiers: Absolutely. The Irish economic example shows what can be done with a simplified tax system with competitive rates of tax.

Rob Marris: Will the hon. Lady give way?

Mrs. Villiers: No. I want to make some progress, but I promise that I shall give way later.

That instability is illustrated by a number of the Bill's more controversial clauses. Let us take clause 61, on the home computing initiative, which was announced with a fanfare in 1999, repackaged in 2004 because not enough people were using it and suddenly shut down in 2006 because too many people were using it. Many people will lose their jobs as a result of that change. According to the IT trade body Intellect, there are about 2,000 individuals working in this industry for whom Gordon Brown has just signed redundancy notes.

Mr. Speaker: Order. When the hon. Lady is referring to a Member of this House, she must use the correct form of address—in this case the Chancellor of the Exchequer.

Mrs. Villiers: My apologies, Mr. Speaker.

It is impossible for businesses to plan sensibly for the long term if their whole business model becomes redundant overnight because the Chancellor suddenly changes his mind on a tax break. Even Government Departments have found it hard to keep up with the Chancellor on this one. Both the Department for Work and Pensions and the Department of Trade and Industry were in the process of rolling out the scheme for their employees when the axe fell. As recently as January, the Minister for Industry and the Regions said:

"HCI provides a great example of what can be done when the government and industry are working together to fulfil policy objectives."

Clearly, that Blairite endorsement did not go down too well with the Chancellor, but perhaps the nail in the coffin came when the Minister of Communities and Local Government heaped praise on the home computing initiative.

If we are to compete with China and India, and to do so successfully, as the Chief Secretary wishes, improving Britain's IT skills is crucial. We must embrace the digital age and ensure that IT skills permeate across the community.

The Paymaster General (Dawn Primarolo): I agree about the importance of IT. Does the hon. Lady think that iPods should be made available under that relief?

Mrs. Villiers: No, I do not believe that iPods should be available under that scheme. The way to deal with the matter is to tighten the definition in section 320 of the Income Tax (Earnings and Pensions) Act 2003.

Dawn Primarolo: The hon. Lady is interested in simplicity, so perhaps she will provide a simple definition of "computer".

Mrs. Villiers: I am not going to draft a definition on the hoof. If the Government were to postpone the abolition of the HCI, they could consult the industry and come up with a workable definition that would prevent those problems from occurring.

It is vital that we ensure that IT skills permeate our community, particularly in relation to the most disadvantaged. Some 300,000 low-income families have benefited from the HCI scheme, many of whom might have experienced difficultly in obtaining credit to buy a PC in the open market. Home computers can also make a huge difference in maintaining a good life-work balance—abolishing the scheme will hit young mums who want to return to work but who need the flexibility to work from home.

Why abolish the scheme at a time when the Government demand that more and more of their contact with citizens should take place digitally? On the very day when the end of the HCI scheme was announced, the Chancellor endorsed the Carter report's proposals to try to force people to file their tax returns electronically by bringing forward the date for filing a paper return to the immensely difficult deadline of 30 September. If the Government really believe that the scheme is being abused, we are happy to work with them on tightening it to prevent such abuse. We urge the Government not the abolish the HCI scheme.

Rob Marris: I have followed the hon. Lady's comments on this relatively minor area of taxation with interest. I sat through almost all the first day of the Budget debate, when I cannot recall Conservative Members mentioning the matter, which has suddenly become important to them. *[Interruption.]* The hon. Member for Tatton (Mr. Osborne) says from a sedentary position that the matter was not mentioned in the Budget, but it was included in the press release notices, which were available immediately after the Budget and to which Conservative Members referred in the Budget debate. The topic has suddenly become important for Conservative Members.

Mrs. Villiers: I find it staggering that the hon. Gentleman has complained about our not mentioning something in the Budget debate when the Chancellor leaves out crucial aspects of the Budget year after year.

The pattern of instability in the Finance Bill recurs with clause 26, which abolishes the 0 per cent. rate of corporation tax. That made for a good headline on Budget day 2002, but it was scrapped four years later because people actually used the scheme. The Opposition, including my hon. Friend the Member for Fareham (Mr. Hoban), warned at the time that it would encourage people to incorporate who might not otherwise have done so. We introduced suggestions to reduce that problem and achieve a more level playing field for incorporated and unincorporated businesses, but the Government now propose to abolish that scheme because people have done exactly as we predicted. As one commentator put it:

"Back in 2004, a zero corporation tax band was billed as a heartwarming aid for micro-business. Within months it was transformed in Treasury thinking into an evil tax-loophole that must be slammed shut".

We remain ready and willing to work with the Government to make the 0 per cent. rate work effectively to encourage enterprise, and we ask them to think again about its abolition.

Then we come to part 2 of schedule 21, which is the biggest U-turn of them all—self-invested personal pensions, or SIPPs. My hon. Friend the Member for Tatton was among many who pointed out the anomalies that would result if people could occupy properties purchased by their SIPP. Over-excited estate agents hailed SIPPs as property price Viagra, yet the Chancellor blithely continued on course until he suddenly woke up to the problem last December. In the meantime, thousands of pounds have been wasted in preparing for a tax regime that was suddenly scrapped at the last minute. In schedule 21, we are left with a proposed new structure of positively Byzantine complexity on top of the new framework only just introduced for A-day. Andy Bell of SIPP provider A J Bell says:

"Once again, when faced with a simple solution and a complex solution, the government has opted for the latter."

Some of the most controversial proposals in the Bill are those on trusts contained in clause 157 and schedule 20. The current rules treat gifts on trust in largely the same way as outright gifts, and tax them accordingly. The Chancellor proposes to place new penal inheritance tax charges of 20 per cent. on entry to a trust and 6 per cent. of the value of its capital every 10 years. Those new taxes will be levied on two types of trust: interest in possession trusts, such as those with a flexible life interest; and accumulation and maintenance trusts, which are generally set up by parents or grandparents for children. We believe that these new charges are unfair and we oppose them: first, because they are retrospective, as they will apply to existing wills and trusts unless their terms are changed before April 2008; and, secondly, because they are a new tax on hard-working, prudent families seeking only to plan responsibly for their future.

The Government would have us believe that this change will affect only 23,000 of the super-rich who are somehow using trusts as a way of getting out of paying their fair share of tax. The reality is very different. The wide-ranging coalition of experts and professionals who have come together to oppose the changes inform us that they will have an impact on millions of ordinary families. The Opposition are happy to work with the Government on measures to prevent trusts from being used for complex and artificial tax reduction schemes, but only a very small minority of trusts fall into that category, and the measures in the Bill will have little impact on them. As the professional groups point out, the vast majority of trusts that will be caught by schedule 20 are set up for reasons that have nothing to do with tax. They are set up for social and family reasons—for very human reasons—to provide responsibly for family members in a considered and flexible way and to help people to tackle some of the many complications of family life in modern Britain.

The proposals threaten to undermine the long-established principle that inheritance tax should not apply to transfers of property between husband and wife. Unless amended, they could give rise to many more instances whereby inheritance tax will apply in such situations. For example, a typical arrangement is for a husband in a second marriage to leave his property on trust to his widow for life, passing to the children of his first marriage on her death. That arrangement has nothing to do with tax, as under normal circumstances

the property would be taxed on the second death—that of the widow. It is merely an attempt to divide property fairly and sensibly between family members and to provide for their different and sometimes competing needs.

Proposed new section 49A of the Inheritance Act 1984, which is set out in schedule 20(5), imposes the new charges on trusts with a life interest, except where a series of six stringent and opaque conditions are met. For most modern life interest trusts, those conditions will not be met, so the new inheritance tax charges would apply in the situation that I outlined. Ironically, many people who have just drawn up a will that they have made following a civil partnership will have to review and rewrite it, because setting up a trust for a surviving partner is an extremely common approach. It seems bizarre that, having only just granted the spousal exemption to civil partners, the Government should seek to undermine it a few months later.

The House should note that divorce settlements also frequently involve trusts, often set up by court order. Many of those will not meet the six conditions of new section 49A. Consequently, we face the chilling prospect of an inheritance tax bill being added to the many other costs and miseries associated with divorce.

Moreover, it sits oddly with a Chancellor who once prided himself on his reputation for prudence that he is taking measures that will put pressure on parents to pass significant wealth to teenagers well before they may be old enough to deal responsibly with the consequences of such a gift. Schedule 20(3) imposes the new IHT charges on accumulation and maintenance trusts unless all property in the trust passes outright to the beneficiaries when they are 18.

Those sorts of trust were first devised by a Labour Government—by Denis Healey and Joel Barnett in the 1970s. They were introduced not to help the super-rich—I do not think that either of those gentlemen were keen on helping the super-rich—but to allow ordinary families to provide for their children without giving them control over too much money at too early an age. Let us compare two cases that were raised with me. In one, the capital was transferred to a young adult who bought a fast car and crashed it with fatal results. In the other, a young adult became prey to a drug dealer at university, but the terms of a family trust enabled his relatives to prevent him from dissipating the assets that had been passed to him. Common sense is surely with Mr. Healey rather than the current Chancellor. Passing significant wealth to teenagers is not a great idea.

The third reason that we oppose the changes is because they could require millions of wills to be rewritten. A cautious estimate by the Society of Trust and Estate Practitioners suggests that 1 million wills would have to be reviewed and redrafted. Assuming a modest cost of £250 per will, that leaves an unnecessary bill of £250 million. The actual total could be considerably greater, with the huge and unnecessary legal bill, not to mention the prohibitively expensive High Court hearings that may be needed to vary thousands of existing trusts and divorce settlements.

Furthermore, Skandia Life said that 4.5 million people will need to review their life assurance policies because they are usually written in trust and could therefore fall foul of the new rules. The Chief Secretary suggested today that that anxiety is unfounded. Of course, I welcome his and the Treasury's indications that trusts in relation to life assurance, as well as those arising out of intestacy, will not be affected by the new rules. However, even though that last-minute assurance came too late for the paper copy of the explanatory notes, it was rushed into the electronic version. We want the assurances to be placed on the face of the Bill.

The great legal historian, Frederic Maitland, once described the trust as the

"greatest and most distinctive achievement performed by Englishmen in the field of jurisprudence".

The concept has been exported all over the common law world. Even civil law jurisdictions have started to incorporate similar concepts into their law. Much of that success flows from the genuine practical assistance that the trust concept can give ordinary families in juggling complicated lives and planning for an uncertain future.

A leading QC said of the Government's proposals that

"they are anti-family, they are illogical . . . they do not hit the rich so much as the aspirational classes".

Rob Marris: Who was the QC?

Mrs. Villiers: Mr. Christopher McCall, for the hon. Gentleman's information.

I urge the Government to think again about schedule 20, just as I urge them to think again about the whole Bill. Much of the measure increases complexity and instability in the tax system, discouraging business investment and damaging productivity growth, both of which have slumped under the Chancellor's stewardship of the economy. Much of it undermines attempts to improve Britain's IT skills, which are vital in competing for high value jobs with India and China and the world's emerging economic giants. It leaves Britain with its highest tax burden ever, excluding North sea oil revenues, damages our competitiveness and fails to prepare our country for the challenges and opportunities of the 21st century globalised world economy.

4.33 pm

Mr. John McFall (West Dunbartonshire) (Lab/Co-op): It is a privilege for the Select Committee on the Treasury to publish our report on the same day as Second Reading. The report was prepared under a restricted timetable and, as Chairman, I thank the Committee staff for their tremendous work in the past few weeks. I also thank those who appeared before the Committee—Treasury officials, outside experts, including Professor David Heald, who has been a constant source of advice during our inquiries, and, not least, the Chancellor.

Stephen Hesford (Wirral, West) (Lab): Does my right hon. Friend regret, as I do, that all the hard work that the Select Committee put in and all the evidence that it heard were trashed yesterday in a Tory leak to *The Times*, which misrepresented the evidence that the Committee had heard and what it said about the Chancellor's golden rule?

Mr. McFall: My hon. Friend is talking about an article that appeared in the newspaper this morning, and I shall come to that subject later.

[Mr. McFall]

One of the issues that the Committee considered was energy prices. The rise in energy prices appears so far to be having muted second-round effects—in terms of increased demand for wages, for example—but we greatly welcome the Government's proposals to encourage an independent investigation into European gas markets and into energy markets in general. We would like the Government to provide an update of the outcome given in the 2006 pre-Budget report.

In regard to the energy market, we took evidence from the Governor of the Bank of England, which published its inflation report during our hearings. We asked the Governor about the lack of competition in European gas markets, and it is worth quoting his response:

"It is true that there is the inter-connector with Belgium through which it had been hoped that gas would flow into the United Kingdom when prices were higher here than on the Continent, but I am not sure whether it was entirely reasonable to expect that, given that the gas market on the other side of the Channel is not exactly reminiscent of the group of atomistic competitors of textbook theory".

I endorse that lucid academic comment, and urge the Government to seek the liberalisation of those energy markets, because the present situation is having a detrimental effect on United Kingdom business and UK consumers.

On consumer spending, the Committee noted:

"While the forecasts of the Budget do not suggest that consumer spending growth will reach the previously high levels seen in the recent past, several outside observers note significant downside risks to these forecasts. We recommend that the Treasury provide all necessary assistance to the Office for National Statistics in its task of understanding and measuring consumer spending, such as on services rather than retail sales, to help improve the quality of consumer spending forecasts."

There is an abundance of information on our manufacturing industry but very little on the retail and services sectors. Given that those sectors now account for 70 per cent. of gross domestic product, it is important that the collection of the relevant figures for those sectors improves.

The Committee also considered the labour market and migration, and noted the Home Secretary's statement about a points-based immigration system. It is important to underline the fact that this country needs skilled immigration. Among the successes of London that have been noted recently, particularly since the tragic events of 7 July last year, are the effect of its cosmopolitan nature and the way in which people come into the city and use it to work in. It is therefore important to consider immigration in that context. Economically, we need immigration. No expert commentator, including the Governor of the Bank of England, would appear before our Committee and say that we did not need immigration. We need appropriate immigration, however, and it is important that the system to be implemented by the Home Secretary should work well.

In the Budget the Government have recognised the need to encourage a higher rate of female labour participation. The Women in Work Commission has made more than 40 recommendations on this matter, and I hope that the Government will take them up. The economies in Europe that are doing well are those with labour market flexibility and a high participation rate of women in labour markets. The female employment rate in this country is nearly 70 per cent., but the Women in Work Commission's report suggests that, by increasing female labour mobility and participation, the economy could benefit by up to £23 billion, which is roughly 2 per cent. of GDP. Therefore, the provision of more funds to train women who have lower skills to get higher skills is important.

We also considered the golden rule, on which my hon. Friend the Member for Wirral, West (Stephen Hesford) intervened. I saw a biased report about that rule in the newspaper this morning. I hope that there has not been a leak from the Committee, but that newspaper report indicates that a vote had been taken about it in Committee. That account is very much to be regretted, because the Treasury Committee, which I have had the privilege to chair in both this and the previous Parliament, has largely produced unanimous reports. We investigate subjects deeply and spend a lot of time debating issues when compiling reports. I do not think that I am speaking out of turn when I say that we spent about three hours debating our Budget 2006 report to ensure that all members were as happy with it as they could be. I will bring that issue to the attention of fellow members.

The Committee's report noted the Treasury's projections showing that the Government are on course to meet the golden rule after the end of this economic cycle. However, we remain concerned that fiscal policy towards the end of a cycle might be constrained unnecessarily by spending levels or data classification from, say, 12 years earlier, at the start of a cycle. In particular, revisions to data might be held to require sudden and undesirable changes to tax or spending in the final years of the cycle, for the sole purpose of meeting the mechanical calculation implicit in the golden rule. We have said previously in reports, and will repeat in this one, that we remain of the view that it would be appropriate to review the fiscal rules, so that any improved formulation of the rule could be introduced at the start of the next economic cycle. The Governor of the Bank of England and others have said to us that a forward-looking approach to the golden rule should be adopted, focused solely on the sustainability of public finances. In many ways, that would take away the mechanistic element whereby the golden rule is considered over a fixed economic cycle. I note, however, that the golden rule has worked on that basis to date.

One of our expert witnesses, Robert Chote of the Institute for Fiscal Studies, made a point that is worth repeating. He cautioned:

"The Golden Rule at best was only ever a reasonable rule of thumb . . . The idea that over a period of seven or 12 years if you beat it by one billion that is terrific and if you miss it by one billion that is a disaster just is not sustainable on any analytical grounds."

Focusing on the future is therefore important. The advice received by the Committee has been helpful to us in reaching that view.

On the other fiscal rule, the sustainable investment rule, we know that the whole of Government accounts procedure will be introduced shortly. The sustainable investment rule will need to be considered in the context of the Government's balance sheet, to be prepared

under the Government WGA programme. I know that Sir John Bourn and others have been discussing that with the Government, as the Public Accounts Commission, of which I am a member, regularly receives evidence from Sir John and his colleagues on that issue.

Like the Government, the Committee is also focusing on the comprehensive spending review. We welcome specifically the Government's decision to initiate a national debate as part of that review. It is important, however, that that debate is set in a context that allows an opportunity for full consideration of options and priorities, rather than simply providing an opportunity for Departments to canvass public support for their bids for increased expenditure. It is therefore important that departmental Select Committees of the House of Commons ensure that they are fully engaged with the process. As a first step, the Treasury Committee expects to hold an initial inquiry on the CSR, following the publication of the report, which we expect to be in mid-2006. To assist with the timely parliamentary scrutiny of matters arising from that report, we urge the Government to ensure that that document is published no later than June 2006, so that the Committee can get its teeth into it in July, before the recess. The debate can then continue when Parliament returns in the autumn.

As the Chief Secretary knows, the Select Committee looked closely at the issue of efficiency savings and the public sector work force, and the Government's targets in that regard. We welcome the contribution made by the recent National Audit Office study to understanding of the efficiency programme, but we should like future documents to contain further analysis of the programme as a whole, including an indication of the proportions of the overall reported savings that are attributable to central and local government and that are cashable and non-cashable, as well as an analysis of savings in relation to the themes identified in the Gershon review. I am thinking particularly of back-office functions, transactional services, procurement policy, funding and regulation, and productive time.

As for poverty and the tax system, we welcome the Government's contribution to the ending of the highest marginal deduction rates of 70 per cent. or more. Those affected have been reduced from 740,000 before the 1998 Budget to 240,000 under the 2006 system of tax and benefits, which is very welcome. Many of us who have been in the House for years became used to being told by pensioners that they were losing 100 per cent. as a result of being a few pence over the Government's limit. The elimination of that 100 per cent. is extremely important, but, as always, it is work in progress.

The number of households facing marginal deduction rates in the region of 60 to 70 per cent. has increased since 1997, and now appears to have levelled off at about 1.5 million. We recommend that the Treasury analyse the characteristics and income distributions of households facing such high marginal tax rates, and the extent—if any—to which they are discouraging people from entering the work force, working longer hours, or acquiring additional skills. We welcome the progress made so far, but there is more to be done.

The press and others have already taken up the Government's statements about environmental taxation. The Committee made clear its view that the Government's response was both incoherent and unconvincing. Why did we say that? Between 2000 and 2004, the annual number of chargeable passengers increased by 25 million, or 35 per cent. The emission of greenhouse gases has increased by 10 per cent., or 0.8 tonnes, and tax receipts for air passenger duty have decreased by 8 per cent. Theirs is an unconvincing environmental approach to taxation.

Last week, Professor David King spoke of a 3°C increase in temperature over 100 years, whose effect would be calamitous. He said that 400 million more people would face hunger as a result, while 3 billion more would risk flooding or no access to adequate water supplies. Cereal crops would be reduced by anything from 20 million to 400 million tonnes. This is the issue of today, as the Prime Minister said when he was in New Zealand. If I remember the transcript correctly, he said that the situation was worse than the Government expected it to be a year ago. Something must be done, but we should not kid ourselves: it is a hard decision for all politicians and all parties. It does not promote communion between us and our electorate, because people enjoy cheap flights, but we should bear it in mind that aviation is in many ways outwith the present scheme. It does not pay value-added tax or fuel duty, and is exempt from the climate change levy. So the situation has to change and the Government have to get a grip on this issue. The Treasury officials who came before the Committee said that they judge environmental taxes according to behavioural changes, but as we have said, the fact that there are now an extra 25 million passengers shows that the behavioural changes are going in the wrong direction. The officials seemed too clever to understand that point, but people realise that, as such changes show, the system is not working as well as it could.

The Government tell us that they want aviation emissions to be included in the EU emissions trading scheme. I agree entirely with that idea, but it is only a partial response to the problem. The current scheme applies from 2008 to 2012, and I am informed that any changes to it have to be in by 30 June and must be internationally agreed. So we are not going to get such agreement, and aviation will not be included from 2008 to 2012. I am told that there is a theoretical possibility that aviation could be included from 2010, but again, that is not going to happen; it will be kept out until 2012. The Government say that they are meeting their Kyoto targets, which is true, but Kyoto finishes in 2012 and the EU emissions trading scheme must be renegotiated from 2012 onward. So we may think that the current situation presents problems, but they will increase enormously from 2012.

So, be it at a domestic level—the Government have fallen behind on their domestic carbon dioxide emissions targets—or internationally, the situation regarding climate change is bleak. Whether or not the report's recommendation that the Government consider increasing air passenger duty is taken seriously, it highlights a problem that we all have to tackle, but which, sadly, we so far have not. We cannot simply continue with our current lifestyle, without making sacrifices to reduce carbon emissions. We have to strike a balance, and I hope that the Committee has helped to focus public debate on this issue.

[Mr. McFall]

The Committee also looked at changes to the tax treatment of trusts. The Committee and I have received quite a bit of correspondence from companies and individuals, mainly companies. The Committee said:

"We are concerned that a legitimate measure designed to reduce tax avoidance may penalise trusts established to protect family members and consider that the issue merits further consideration. We recommend that the Government provide detailed information about how it has arrived at its estimate that the new rules on the tax treatment of certain trusts will affect only a 'minority of a minority' of 100,000 discretionary trusts."

It would be helpful if that information were provided before consideration in Committee of clause 57 and schedule 20.

John Whiting, along with others—John is an expert on these matters and has been a solid friend to the Committee over the years—made the following reasonable point to the Committee:

"In future, we suggest that the Treasury considers the benefit of undertaking appropriate consultation on measures such as those changing the tax treatment of certain trusts, where there is a strong argument that people have been quite properly planning their affairs on the basis of explicit exemptions in tax legislation."

We are totally against tax avoidance, but there is a case for continued and enhanced consultation with the Government on this issue.

On additional payment to pensioners, as I pointed out in an intervention, the Committee noted

"that the rise in council tax over 2005–06 and 2006–07 is forecast to be the lowest since 1997 . . . .We welcome the guarantee of the higher winter fuel payment of £200 and £300 for the over-80s for the rest of this Parliament, alongside the support for insulation and central heating for pensioner households. In the light of continued volatility in energy markets and announcements of future gas and electricity price rises, we recommend that the Government re-assess the situation at the time of the 2006 Pre-Budget Report and take further action if necessary."

As a Committee, we were aware that the context of the Budget was the long-term challenges, both domestic and global, that face this country. In the domestic area, we took evidence on the education and skills agenda, the child poverty targets—on which the Government still have a bit to do—and the comprehensive spending review. The CSR is a very important review and my right hon. Friend the Chief Secretary confirmed that it is from a zero base. We examined three departmental budgets—International Development, Education and Skills, and Health. The increase for DFID, year on year, is 10.6 per cent. The DFES and the Department of Health have been singled out for extra increased expenditure. That means that some other Departments will get as little as 1.7 per cent., so it is important that the process is transparent so that parliamentarians may be assured that the Government's approach is proper and that every Department will get its fair share. In the context of the Budget, the sustainability of public finances is important, and we considered that issue time and again in our report.

In the global context, we are aware of the economic imbalances. Professor David Miles of Morgan Stanley has pointed out that the longer the US runs an extraordinarily large current account deficit, the more likely a potentially sharp adjustment becomes. If that happens, it will affect this country, so it is important that we play our part in the reform of global institutions. I was therefore delighted by some of the comments that my right hon. Friend the Chancellor made at the weekend about the International Monetary Fund. We are privileged to hear evidence from the Governor of the Bank of England on the IMF next Thursday, and my right hon. Friend will follow him in a couple of weeks.

The Committee is considering globalisation, because it has advantages—there is no doubt about that—but it also has drawbacks. It is important that this country has the appropriate policy responses to the issues of globalisation. The Committee therefore looks forward to working with the Government and others to consider those issues and to ensure that the challenges that this country faces, at both domestic and international levels, can be met and overcome.

4.57 pm

Julia Goldsworthy (Falmouth and Camborne) (LD): I thank the Chief Secretary for his kind welcome, and congratulate the Chairman of the Treasury Committee on an excellent report and on his quiet, unassuming—but devastating—analysis of the Bill. For me, the Bill's significance lies mostly in what it omits, not what it includes. There were great opportunities in the Bill, but they have been wasted. Perhaps the Chancellor is becoming a little slapdash in his impatience to move next door in Downing street.

It is the Government's failure to act on the environment that is the biggest opportunity wasted by the Bill—a point already touched on by the right hon. Member for West Dunbartonshire (Mr. McFall). Last week, both the Chancellor and the Leader of the official Opposition made speeches about the importance of the environment. The Chancellor spoke of the "moral duty" of the developed world to tackle climate change and the right hon. Member for Witney (Mr. Cameron) spoke of the need to reduce carbon emissions by a third. But the Chancellor's Finance Bill contains very few environmental measures and the Conservatives have made no hard and fast commitments to explain how they would achieve such cuts.

Mr. Redwood: How big an increase in tax would the hon. Lady's party place on flights and cars?

Julia Goldsworthy: My party has always been clear about the need for fairer, not higher taxation. Under this Government, we have seen a fall in the proportion of the tax take from environmental taxes, and that is not helping the environment.

Mr. Henderson: Following the question put by the right hon. Member for Wokingham (Mr. Redwood), can the hon. Lady tell us whether it would be fairer to increase taxes on gas-guzzling cars by 10 per cent.? If air travel cost 5 per cent. more due to environmental taxes, would that be fairer?

Julia Goldsworthy: We support aviation fuel duty and those increases would be fair, because the vast majority of gas-guzzling cars are expensive cars such as Ferraris that consume huge amounts of petrol.

If words are to have an impact, they must be followed by action, but so far we have seen little more than posturing. Indications from the public, however, are

that they want action. A *Guardian* poll of 22 February found that 63 per cent. of respondents approved of green taxes to discourage behaviour that harms the environment. People accept that we will have to change, so why do we delay the inevitable? It seems that the Government have yet to come round to that way of thinking. The fall in green taxes as a percentage of our national tax take should be reversed if we are serious about tackling carbon emissions.

The headline issue in terms of environmental measures in the Bill, which was trumpeted in the Budget, related to changes to vehicle excise duty in clauses 13 to 15. However, the environmental impact of those provisions will be laughable. For many gas-guzzling cars, the new higher band will cost less than half a tank of petrol—a rise from £165 to £210 a year. The Energy Saving Trust calculated that the differential needs to be worth more than £2,000 to have an impact on behaviour. The changes proposed in the Bill fall far short of that.

My hon. Friend the Member for Cambridge (David Howarth) received a written answer about the impact of the proposals on carbon emissions, which stated that the estimated carbon savings will be 0.06 metric tonnes of carbon emitted by 2010,

"though calculating this figure is complex and subject to a significant margin of error".—[*Official Report*, 28 March 2006; Vol. 444, c. 972W.]

Can the Minister tell us on what basis the Treasury judged the proposal a good idea? How many drivers of gas-guzzling cars will no longer purchase such cars as a result of the measures? Were they intended to be only an eye-catching initiative rather than actually having an impact on behaviour?

Another area where urgent change is needed is air passenger duty, which was highlighted by the right hon. Member for West Dunbartonshire, yet the Bill proposes no changes in the structure of that duty. It should rise by at least as much as inflation and should be replaced by a charge on aircraft movements, not on passengers. That will encourage more fuel-efficient aircraft and discourage half-empty planes. I urge the Government to accept the recommendation in paragraph 102 of the Select Committee report, which states:

"We recommend that the Government give urgent consideration to how it can best use the tax system to increase incentives to reduce the harmful environmental effects of aviation."

Although we support some of the environmental measures in the Bill, the Government need to take a more systematic and fundamental approach if they are significantly to change behaviour.

We support the revalorisation of fuel duty this year in line with inflation. Since 2000, when fuel duty began to fall, the rate of increase in greenhouse gases from transport has doubled. The revalorisation is not a rise in real terms, but merely halts the real-terms fall over recent years. Should not the Government have taken that opportunity to look at other options that will have a more direct impact on individuals' behaviour? Should not there have been a move towards road user charging, or at least a more detailed and serious Government investigation of that option?

Similarly, we support the revalorisation of the climate change levy in line with inflation—again because it halts real-terms cuts in the levy—but the Government should have looked at alternatives that might have a greater impact on behaviour and which are less complicated and cumbersome, such as a carbon tax. The introduction of the climate change levy was a welcome move in the right direction, but it is complicated. A carbon tax would be simpler and would reflect the importance of the principle that the polluter pays, but because of that it must be combined with energy efficiency measures and winter fuel payments for the elderly to ensure that vulnerable groups are not hit disproportionately hard. Although the Liberal Democrats are pleased that the Conservatives seem to be coming round to that point of view, I wonder whether they have grasped the fundamental point of the system. The Conservative leader seems to be proposing a carbon tax on general taxation, so there is no link to the polluter paying and I am not sure that he has thought through the consequences of his proposal. So at least the Bill may go some way towards halting the decline in revenues from green taxation as a proportion of the tax take, but it will not increase the tax take.

Rob Marris: The hon. Lady seems to be trying to have it both ways: she wants the proportion of general taxation raised from environmental taxes to rise, but she also wants behaviour to change. Surely, if behaviour changes and, for example, people take fewer flights or drive cars that are more fuel efficient, the proportion of taxation from environmental taxes will fall, and most hon. Members would regard that as positive. She seems to be having it both ways: she wants taxation to change behaviour, but taxation falls because behaviour changes, and she does not like it.

Julia Goldsworthy: But of course we need incentives to change. We are talking not about increasing the overall burden of taxation, but about trying to change behaviour.

Moving away from the environment, another key omission is the failure to address the ticking time bomb in our economy that is personal debt. The Chancellor made no mention of it in his Budget statement, nor is there any mention of it in the Bill, yet personal debt now stands at £1.2 trillion—roughly equivalent to the UK's gross domestic product—and the legacy could be a disaster for many families, as one fifth of household income is now used to service debt. That is back at the level it reached when the country crashed under the Tories in the early 1990s. The immediate signs of stress are clear—we are seeing rising bankruptcies and repossessions. What would counteract that is a network of advice centres, financial education in the curriculum, steps to prevent the mis-selling of mortgage payment protection insurance and action on non-income verified mortgages, for example.

More generally, instead of creating a simpler and fairer taxation system, the Bill creates greater complication, confusion and uncertainty for individuals and businesses. That has become the hallmark of the meddling Chancellor.

On the measures for businesses, even the changes we broadly welcome bear the Chancellor's sticky fingerprints. For example, the changes to corporation tax outlined in clauses 24 to 26 will remove the zero starting rate of corporation tax. We hope that that signals the end of a long and meandering journey that

[Julia Goldsworthy]

the Chancellor has taken to end up virtually back where he started. In 1999, he introduced a 10 per cent. rate to encourage investment and enterprise. In 2002, he introduced the zero rate to provide further support to new and growing companies. In 2004, the zero starting rate was restricted to profits retained within the company. The 2005 pre-Budget report signalled the end of the zero starting rate. So we are back to where we were in 1998. Given that chain of unintended consequences, the Chancellor has effectively been forced to close a loophole that he created. We hope that that will be the end of a long run of uncertainty and complexity, but given the track record, what confidence can businesses have that that will be the case?

For some very small organisations, those changes will, yet again, create more complication. For example, many small clubs and societies that have taxable income from bank and building society interest will have to fill in corporation tax returns once again, even though very small amounts might be involved. That detail needs more discussion in Committee, but it shows how such changes have many unintended consequences and can often set off a chain reaction that prompts the need for further changes, and we end up in a downward spiral.

Of course, those changes to corporation tax will cross cut other changes proposed in the Bill, such as those to first-year capital allowances, thus continuing the pattern of small and short-term change. The key issue is whether the benefits of those changes are offset by the regulatory impact of uncertainty in the tax rates and the need for businesses to keep up with the changes.

Research from Manchester and Nottingham business schools indicates that, except for the most generous capital allowances, most capital investment tax advantages are investigated only after the decision to invest has already been made. It seems therefore that those short-term changes may not always change business behaviour and, more importantly, undermine confidence in the stability of the taxation system. So the general picture is one of complexity and uncertainty, and another problem is caused by the speed with which the changes are introduced and the fact that they are unexpected.

Clause 61, on the home computer initiative scheme, is an example of how proposals can be totally unexpected, by not just businesses but even departments. Research undertaken by the Home Computing Initiatives Alliance shows that more than 500,000 employees benefit from the scheme, of which more than 75 per cent. are lower paid.

Why was the scheme scrapped without any prior consultation or warning? Many businesses have already sunk costs preparing schemes for beyond 6 April. That is also true of the Department for Work and Pensions and the Department of Trade and Industry. In fact, I understand from the HCI Alliance that it went to see the Low Pay Commission and the DTI just a week before to investigate ways to help people on low incomes to access the scheme. From further discussions, it appears that the decision to scrap the scheme was taken only the day before the announcement was made. Will the Minister confirm that and explain the justification behind the decision? Were there any meetings across Departments to consider the implications? What notice was given to other Departments that the changes were about to take place?

I understand that the Government now intend to focus resources on those who are not in employment or do not have access to a computer through their employer, but, as yet, they have put forward no alternative proposals. As has already been mentioned, the explanatory notes state:

"There is also evidence to suggest the exemption has been applied beyond the scope of its original intention".

Reference is made to MP3 and computer consoles being obtained through salary sacrifice rather than borrowing. However, surely it would be possible to propose changes to the existing regime that would make it more affordable and attractive to those on lower incomes, while at the same time closing the loopholes that I have just mentioned. Is this a case of throwing the baby out with the bathwater? Those issues will be further explored in Committee.

Mr. Mark Francois (Rayleigh) (Con): The hon. Lady will have heard from the speech by the shadow Chief Secretary, my hon. Friend the Member for Chipping Barnet (Mrs. Villiers), that we do not believe that the scheme should be abolished, because of the good work that it has achieved and we intend to table amendments to that effect fairly shortly. May I take it from the remarks that the hon. Lady has made that, if we do that, in principle, we will have the support of the Liberal Democrats for our efforts to try to save that valuable scheme?

Julia Goldsworthy: We will certainly table amendments to that effect, as well, and I hope that the Opposition will work together to try to reverse the proposal in the Bill.

Turning to the impact on individual taxation, the picture is similarly depressing. We still see ever-greater complication and no serious moves to address the regressive nature of the taxation system. As was said earlier, the top 20 per cent. of people pay less as a proportion of their income in taxation than the lowest 20 per cent. That represents levels of inequality that are worse now than at any time under Thatcher or Major. Council tax, the most regressive form of taxation, which is unrelated to the ability to pay, remains. Among those struggling to pay it are pensioner households, which have been affected by the Chancellor's decision to end the rebate for pensioner households. That will make this year's council tax hikes even bigger for them.

Huw Irranca-Davies (Ogmore) (Lab): Will the hon. Lady give us the figures for how many families have benefited from the working tax credit, which has been introduced to lift people not only above the poverty line, but well above it, and will she comment on the significant impact that that has had on many families in constituencies such as mine in Ogmore?

Julia Goldsworthy: The hon. Gentleman makes the point that I am trying to make, which is that there is incredible complexity and people do not understand. One of the biggest issues in my surgeries every single week is families who do not understand the letters that

they are getting about tax credits or why the overpayment demands that they get vary by thousands of pounds.

Huw Irranca-Davies: Will the hon. Lady give way?

Julia Goldsworthy: I would like to make some progress, if I may.

I want to turn to trusts and inheritance tax, which are covered by clause 157. Like the home computer initiative, those proposals caught the industry and individuals totally by surprise. At this stage, it is not exactly clear what the proposals are, since there seems to be a lot of debate between professionals and the Treasury about the number of individuals and wills affected and the amount of revenue that will be raised.

In some respects, the Treasury seems to contradict itself. On the one hand, it says that the changes will affect only a very small number of individuals and will raise a very small amount of revenue, yet, on the other hand, the change could not be put out to consultation prior to being announced, in case it had an impact on the market. How many people will be affected by the changes? How many people will have to go back and change their will or trust arrangements regardless of whether they are currently over the inheritance tax threshold? I urge the Minister to look at paragraphs 109 and 110 in the Treasury Committee report, which urge the Treasury to consider those issues prior to the Bill going to Committee.

The scheme also seems to create anomalies, rather than resolve them, and assumes that trusts are mainly used for tax avoidance. At the moment, the taxation of trusts mirrors the taxation of individuals. Income tax is paid on income from a trust, and people are treated as the owners of the trust asset for inheritance tax purposes. That logical system need not necessarily be changed because discretionary trusts are already subject to a different regime. The anomaly is that those who are richer and have the liquidity to give money before their death will be unaffected because the ruling that allows gifts to be made tax-free still remains, provided that they are given seven years before death. Whatever the actual impact of the measure, it is clear that the changes will not create clarity and simplicity to help the public's ability to understand their effect on them. Perhaps, as was the case for self-invested personal pensions last year, a lack of planning will result in significant unintentional consequences and might yet force embarrassing compromises from the Government.

To sum up, while the Government's macro-economic record to date has largely been one of stability, one of the fundamental reasons why that has been the case was that the Bank of England was given independence—that policy was called for by the Liberal Democrats. However, the Government tend to spoil their own narrative with endless hype and exaggeration, which becomes easier when they are responsible for marking their own exam papers when analysing their economic record.

The hallmark of the Chancellor's time in the Treasury has been vast over-complication and endless meddling with minutiae. Such tinkering creates instability because of the uncertainty with which the changes leave both individuals and businesses. What is the point of medium and long-term financial planning if tax incentives and implications are likely to change and every change proposed does not take place in isolation, but has cross-cutting effects and unintended consequences? Individual learning accounts, self-invested personal pensions and even the changes to corporation tax are classic examples of the Government creating problems for themselves by rushing through changes and not investigating the likely consequences, which have to be addressed after the changes have already been introduced, thus creating a cycle of complication and change.

The fundamental reason why we will vote against Second Reading is that the Government have missed the opportunity to address the key environmental issues that we face. Last week, at the most superficial level, the Chancellor and the Leader of the official Opposition showed willing to talk the talk, but the substance of the Bill, and the Conservatives' failure even to mention those issues in their opposition to the Bill, clearly indicate that they have no intention yet of walking the walk.

5.17 pm

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): I draw the House's attention to my entry in the Register of Members' Interests. When I have the good fortune to catch the eye of the Chair on Second Reading of the Finance Bill, which I do most years in which I am eligible—I have been a bit more eligible in recent years than I used to be—I find myself to be a bit of a usual suspect. However, after listening to the excellent contribution made by my right hon. Friend the Member for West Dunbartonshire (Mr. McFall), and looking across to the right hon. Member for Wokingham (Mr. Redwood) on the other side of the House, who will, I assume, hope to catch your eye, Madam Deputy Speaker, I have some consolation that I am probably not alone as a usual suspect.

We live in a world of ever-rapid change. Any of us who want to talk about economic issues in this country or elsewhere would be foolish if we were unrealistic about facing up to the changing international economic situation, which is often referred to as globalisation, that has made things very different for every country in the world. Globalisation is not a new phenomenon. Anyone who has read about the history of the 19th century will be aware of the challenge faced even then by British manufacturing industry and the excellent way in which the industry met it. The difference today is the speed with which change takes place.

I remember talking to the chief executive of a major industrial conglomerate in the textile industry some 25 years ago. He told me that he was still competitive because he had technology that others did not have, which allowed him to sell the relatively up-market products that people wanted to buy worldwide. He felt sorry for textile companies that did not have that technology.

The difference today is that nobody is protected from the transfer of technology. Technology transfers instantly, and any company or operation that thinks that it can continue to do as it did in the past without being aware of that international challenge has its head in the sand. As a nation we must take our head out of the sand. The only thing that matters now—I shall turn to

[Mr. Doug Henderson]

this later in my contribution—is the application of human ingenuity and knowledge in doing something new or in doing it better. That is the challenge faced by every Chancellor in the world when drawing up a Budget.

In the past 12 months that situation has been additionally aggravated by the change in the world oil price. The increasing demand for energy from countries such as China and India puts pressure on an oil price already under pressure because of the political situation in the middle east. That carries an enormous potential threat to the stability of our economic community. We in this country face a further challenge in maintaining our competitiveness. I refer to the downturn in the rest of the European Union market—I use that term as shorthand because it is others as well—which is the biggest area for our exports. That makes it doubly difficult for us to face the global challenge and the energy challenge. We, of course, are not unique.

Against that background, we have a stable economy with considerable growth. I shall not endlessly quote the views of others to the House, but I want to repeat what was said by the Organisation for Economic Co-operation and Development, which is, as most economists in the world would accept, an independent, international body that looks objectively at economic situations. In October 2005 the OECD said:

"The UK is a leader in the quality of its monetary and fiscal policy frameworks among OECD countries. The Framework has played a key role in improving macroeconomic stability relative both to the past and to other OECD countries."

That is a telling analysis of the strength of the British economy.

I follow the exchanges across the House at Treasury questions, and I know that it is the job of Opposition Front Benchers to scoff at economic statistics offered in defence of the strong economy. However, I submit that if one takes the package of statistics a clear picture emerges. As my right hon. Friend the Chief Secretary said, in 2005 growth in the UK was higher than in any other major European country. We have had 54 quarters of constant economic growth. As we all know, inflation is the lowest it has been since the 1960s. Consequently, we now have the lowest interest rates for a generation, and they are not only low but stable, which is crucial not only for those who want to invest in our economy but for those who want to purchase houses or to consume.

We were warned when we introduced the minimum wage that employment would fall, and it is clear that that has not happened. There is greater employment in this country now than ever, and the pockets of severe unemployment, including those in my constituency, have been tackled by the Government's programme. Unemployment is less than half what it was in 1997. Schemes such as the new deal are making a major contribution in edging into employment people who previously were unable to take advantage even of an economic upturn. Our employment rate is higher than that in the United States, Japan, France, Germany, Italy and Canada. That means that people are better off, and that is the real experience of people out in the country. It does not mean that everyone is better off, but on average communities know that they are better off. Real living standards have risen over the past 10 years and the nation's ability to spend on both public welfare and public investment has increased over that period, and people know that.

Mr. Philip Dunne (Ludlow) (Con): The hon. Gentleman's catalogue of achievements since 1997 prompts me to ask who he thinks is responsible for the increase in the unemployment count by close to 100,000 over the past 12 months. Is it the Chancellor of the Exchequer or is it someone else?

Mr. Henderson: There are cyclical trends within a pattern. Over the past 12 months, there has still been an increase in the number of jobs. Some of them have been filled, as my right hon. Friend the Member for West Dunbartonshire said, by migrants who have come to this country. That has meant that some people have lost out. I do not want to dwell on that. I am the rapporteur for one of the Council of Europe committees that deals with these issues, and I will be happy in another debate to discuss the rights and wrongs of this filling of jobs and the implications that ensue.

In the Budget, and in the provisions set out in the Finance Bill, the fiscal clauses underpin our ability to have both significant public and private investment.

Stewart Hosie: Investment in the Budget is predicated on a massive expansion of public-private partnership schemes. Does the hon. Gentleman really believe that an example such as the Edinburgh Royal hospital, where a hospital costing £184 million will cost the taxpayer £1.26 billion—all hidden off balance sheet—is a good deal?

Mr. Henderson: I am grateful to the hon. Gentleman for raising that issue. It shows that investment is going into the health service, which is improving people's lives. I will be happy to have a discussion on another occasion in the Chamber when the debate is more narrowly focused on how one arranges the sums involved in public finance. We all have views on that. However the sums are arranged, the evidence is clear: more resources are going into health and education. I will return to these issues.

It is important that both the private sector and the public sector have the necessary buoyancy to generate growth in the economy. In the private sector, confidence is crucial. That is not something that we can determine in this place, and it is not something that we can determine solely in this nation. However, we can make a contribution to building that confidence. Our interest rates are at an historically low level, and that is a significant factor in giving those who want to invest the feeling that the cost is such that that can be met by the rewards that are down the road.

Our tax rates are also important. I know that there has been a to-ing and fro-ing on the complexity of taxation. We would all want to see a simpler tax system, if that could be arranged, while still meeting the objectives of the system. However, there is confidence; people know roughly how much they will be expected to pay in income tax, depending on what they earn. Companies know roughly how much they will be expected to pay in corporation tax and other taxes,

depending on their profitability. If anyone wants to have an argument with me about that, I will be happy to bring in some of the people whom I know in some financial institutions, who would be delighted to confirm what I say. *[Interruption.]* I nearly referred to my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) in the context of financial institutions. For example, I would be happy to bring into the debate those who give evidence to my hon. Friend's Committee, who would bear out what I say.

Public sector resources are crucial. The starting point has to be basic education. If we do not invest in basic education—nursery schools and primary schools—it does not matter what we do in secondary schools and higher education institutes. Without that initial investment, we will not have the people coming through who have the necessary and basic educational tools to take on a new challenge. I hope that every party represented in the House agrees that such investment in primary education is essential and a vital path for public sector investment to follow.

The resources available for public sector investment are extremely important. I have never said that the public sector should run manufacturing industry in a big way. I do not believe that that is an effective way of generating strength in the economy. However, the public sector has a role in nurturing the private sector and taking it through early days, particularly with small companies. There is a need to pump prime new technologies that have a major future.

Mr. Colin Breed (South-East Cornwall) (LD): Does the hon. Gentleman agree that small business investment, including research and development, is extremely important? Tax credits provide incentives for research and development, but many small businesses find it difficult to obtain them and sometimes they cannot even carry the cash-flow implications of such investment. However, not enough small businesses take advantage of those tax credits. Does he have any ideas about how we can improve that situation?

Mr. Henderson: I have some ideas that I would be happy to discuss. I am not ducking the issue, but research and development assistance is not crucial. The ability to apply the results of research and development is often more important in the very small company sector. Someone who has conducted research and development at a local university may set up a small company with five or 10 people to create a product range. It is important that that company can use scientific development to innovate. If that is what the hon. Gentleman is suggesting, I agree.

Huw Irranca-Davies: Does my hon. Friend acknowledge the very good example set by the Welsh Assembly Government with Technium, which has taken up the tax credit initiative and built it into university-sponsored campuses, which take a product from research and development on to the shop floor? At the Sony Pencoed site, a large factory space is devoted to taking new, innovative products from research and development to the shop floor. That is a good example of the way in which the Government provide funding so that people can develop products from the idea stage and go into production.

Mr. Henderson: I agree. It is important that regional development agencies throughout Britain play a part in such initiatives. I regard such agencies as more broadly based financial and management consultants that can help small companies to move from the university desk to the factory floor.

We have always been a trading nation and, thankfully, we remain one today. The strength of our economy will be based on our future international competitiveness, and it will be founded on ever-higher skill levels, or it will not be founded at all. It depends on the adoption of new technology, not only in the crucial small company sector but in larger and medium-sized organisations, and on the provision of ever-greater added value to the various enterprises in which we engage. We have major strengths in the internationally traded economy. We are world leaders in pharmaceuticals, aerospace, engineering design and the financial services market.

Rob Marris: And in the legal market.

Mr. Henderson: Indeed. We are at the cutting edge internationally in many other engineering processes. It is important that we consolidate and build on those industries. At the heart of my argument—in other circumstances, I would have been prepared to make it more briefly—is the belief that we must exploit new opportunities. Education is a strong export for this country. It is fashionable to say so, but I am not a newcomer to that view, as I have held it for a long time. I have close links with the University of Newcastle, as well as Strathclyde university in Glasgow, and I have discussed the issue with academics and others. Education offers us a major export opportunity. Some people say that we should not engage too much in the international educational market, because foreign students whom we educate will go back home and undercut us when they start in business. I do not believe that that is the case. If we are ahead of the game, that issue does not matter, because other people and their sons and daughters will come here. It is a strength of the British Council that it is more likely that those who have benefited from education and gone out into the bigger world will maintain any educational links they have had. There might be what we could call an international old boys' network. Such links are very important. People like to do business with people in whom they have confidence. If people have been in the same educational institution or nearby institutions, they will be given confidence in each other, even if they did not know each other previously.

Mr. Breed: I entirely agree, and I support that view 100 per cent. The hon. Gentleman referred to globalisation. We know that universities outside Europe, especially in America, are scouring Europe for the best students and offering them riches beyond their wildest dreams to attract them. If we are to base our future economy on knowledge-based industries, ingenuity of design and so on, we will need the best people to come to us.

Mr. Henderson: I am sure that there are things on which the hon. Gentleman and I disagree, but we seem to have some points of agreement in this debate.

[Mr. Henderson]

What has been done to improve the viability of education as an export? The basic argument is the same: investment in primary schools is what matters. In my constituency, we have two new primary schools, one in Westerhope and one in Gosforth. They are excellent examples of the best facilities from which young people can benefit. Investment in secondary schools will also show returns. As it happens, I do not agree with some of the structural arguments that the Government have put forward, but I agree on the emphasis on putting resources into secondary schools. The Chancellor said in his Budget speech that every school in the country should aim to have the same achievements, whether in the public or private sector. That can help to drive a great improvement in our people's ability to benefit from education throughout the community. Items in the Budget such as waiving further education fees for A-level students up to 25 years old are also an important development.

The second area in which there is scope for new opportunity is medical exports. As a nation, we are a world leader in many medical technologies and their application. We should be not only providing more opportunities for people to be treated in Britain, but driving the infrastructure that supports our health service. Biotechnology is a very important science in Newcastle. The University of Newcastle is a world leader in stem cell research—an area in which I believe many future medical advances will be based, dealing with a host of problems. There should be more investment in such research.

Some people say, "It is all very well having investment in stem cell research, including on academics, but what about everyone else?" There are opportunities for others. If we develop a personal DNA, as a lot of scientists and medical people suggest we should—

Rob Marris: I have got one.

Mr. Henderson: We have all got one, but if we have cell resources based on the DNA, there will be a need for cell banks. I believe that such an industry can provide a lot of employment for areas such as mine in north-east England. It will not provide it for ever, because others in the world will soon be able to do the same thing, but it gives us the lead on which we can base future developments. As I said to my right hon. Friend the Chief Secretary, the Bill, and clause 28 in particular, help with many research, development and environmental issues, including in relation to the matters I have just mentioned. Clause 28 is a very important clause.

My final point concerns energy. I am a firm believer in a balanced energy policy and do not believe that one should have ideological views about the rights or wrongs of a particular energy source—it is sensible to have practical views about such matters, but it is not sensible to take an ideological view. We must ensure that we have security of supply and sufficient supply, which is the first challenge on energy policy. As other hon. Members have rightly said, the second challenge is controlling emissions. The third challenge concerns export capacity: some might say that we exported coal 150 years ago and ask what we can export now, but there are things that we can export, and I believe that the possibilities offered by new technologies should be emphasised.

Mr. McFall: My hon. Friend knows that the advent of China and India on the world stage means that carbon emissions will increase enormously. In his speech in New Zealand, the Prime Minister said that if Australia were to shut down for the next 10 months, its contribution to world emissions would be overtaken by new emissions from China. This country has the chance to export clean coal technology to China. If we get our act together, we can help ourselves, China and global emissions.

Mr. Henderson: In the north-east of England, we used to say that coal was king, but its crown is becoming tarnished. New energy technologies can be king in future, and they can provide the basis for exports. Specifically, there should be investment in geothermal technology, which I will not dwell on because I am sure hon. Members have other things to consider. Geothermal technology can enable huge savings in energy provision both at the micro level, which involves individual factories and even individual houses, and at a macro level, where power stations can be based on geothermal technology. Geothermal technology is not a new technology, but it is a developing technology, and we have got to do more on it.

Fuel cell technology has many applications from providing general electricity for general purposes to providing electricity specifically to power cars. There needs to be increased investment in the development of fuel technologies—I am not saying that measures have not been taken, but I am encouraging the Government to do more. The regional development agency in the north-east of England is already working on some of those projects, but it needs to be given a little bit more support to enable it to do more. Clause 28 could be used to provide such assistance, and £20 million for the enterprise capital fund, which addresses environmental issues, is a step, albeit a small step, in the right direction.

The venture capital proposals in clause 91 and schedule 10 also address those issues. Innovation does not happen without invention, and invention does not happen without education. The programme in the Budget to increase the number of science teachers by 3,000 and the relevant provision in the Bill are welcome, as is the funding of after-school science clubs. I hope that the after-school science clubs scheme will involve fun as well as learning, which will make it more successful, although I am sure that that will be the case given the enterprise displayed by our educational people.

As a nation, we need to concentrate on our economic strengths and make the necessary investments to enable us to meet our objectives in the future. The same is true for our region in the north-east, where we must concentrate on our strengths, of which clean coal technology is one. We must give organisations such as the RDAs and the universities more resources and support for the enterprising developments on which they are focusing, because we need to make sure that our system allows innovation to take place wherever new technology emerges.

This Finance Bill should get wide support from the House. It further extends the background against which our economic strength is based, and by using that

economic strength we can meet our welfare and investment objectives. In the context of what I have said, I believe that the Bill can help the development and application of science, which is crucial to the future of our economic prosperity. We have invested through the Budget, and the Bill makes the necessary provisions for that to take place. We should ensure that we continue to invest in the years ahead.

5.45 pm

Mr. John Redwood (Wokingham) (Con): I have declared in the Register of Members' Interests that I am a non-executive director in the service and manufacturing sectors, and a trustee of a pension fund.

This Budget is proposed by a Government who tell us that they are now enamoured of the idea of deregulation. Three cheers for that. We are grossly over-regulated throughout this country and economy, and it will be welcome indeed if the Government move on from fine words and good speeches to action. Unfortunately, we see a Finance Bill running to 475 pages, with 181 clauses and 26 schedules. Deregulation seems not to have figured prominently in its drafting. I hope that right hon. and hon. Members who are involved in the Committee stage may get to grips with some of the complexity and strike a blow for freedom and simplicity.

I shall give a little flavour of the Bill. If it is enacted in this form, pity the poor people who will try to make sense of their own pension provision. We see in paragraph 6 of schedule 21, in suggested new section 185B, what they have to do if they have thought about direct property investment for their pension fund. It tells us:

"For the purposes of section 185A(3) and (4) the amount of the deemed profits from the interest in the property for the tax year is—

$$\frac{DMV}{10} \times \frac{DTP}{DY}$$

where—

DMV is the deemed market value of the interest in the property for the year (see section 185C)"—

a very helpful tip, I should have thought. It goes on:

"DTP is the number of days in the year for which the property is scheme-held taxable property, and

DY is the number of days in the year.

(3) In this Part"—

in case one was muddled—

"'scheme-held taxable property' means property which is taxable property an interest in which is held by the pension scheme."

Things are far more difficult if one dares to take on a leasehold property—but the time and patience of the House probably do not permit me to go into the details. It is surely time the Government did better than this. They should take pity on people who are trying to save for their retirement in very difficult circumstances and give them something that they can understand. Is it reasonable to expect a free people to have to wade through that degree of complication, and can we expect them to do so without having to spend a lot of their hard-earned money on accountancy and legal advice to make any kind of sense of it?

I fear that the Government are in denial on the issue of productivity. Their own figures suggest that if one defines the cycle in a certain way and claims that the public sector figures are all wrong, productivity is doing a bit better than it was in the previous economic cycle. No reputable outside commentator or independent analyst believes that that is true. The latest figures show that in the past couple of years productivity performance has slowed down, not risen. Figures also showed—until the Government stopped compiling them—that the main problem with productivity stalling rests in the public sector: the area where the Government have most control and influence, and where they have been most generous.

The Government should be extremely alarmed about the decline in productivity in sizeable parts of the public sector and the slowing of the rate of growth in productivity across the public sector as a whole, on the old definition and the old figures. I am sure that they would love to come up with magic numbers that included a new quality variable that somehow miraculously implied that productivity had been going up after all. However, no one looking at the current crisis in the health service, with sackings, redundancies, huge deficits and great problems, can believe that productivity is advancing rapidly in that service. If it were, it would be a miracle.

Stephen Hesford: I question the right hon. Gentleman's encapsulation of productivity—but if he is right, why has growth occurred year after year since the Government came to office? Next year's growth is earmarked to increase. Why is that happening against what he would have us believe is a background of declining productivity?

Mr. Redwood: There has been some growth in the economy, but I am commenting on productivity decline in the public sector and public services. The manufacturing productivity growth rate has been pretty good. Part of that is due to the enormous influence of the international market, which is competitive and forces companies to compete better. However, I am afraid that part of it is due to a large number of factory closures, of which Peugeot and Rover are some of the most public in recent months, which have closed down the less efficient capacity. The average efficiency of what remains therefore increases.

Approximately 1 million manufacturing jobs have been destroyed under the Government, partly because of tax and regulatory considerations and partly because of the international competitive climate. That raises the average productivity growth and overall productivity of the remainder. That is why I am concentrating not on manufacturing but on the public services and the public sector, where the productivity record, on the Government's figures—until they stopped producing them—was poor. It is obvious that the figures must be poor; otherwise the huge sums of money going into the health service and the education service would produce much better results, and not throw up such large deficits and redundancies.

Stephen Hesford: The right hon. Gentleman is generous in giving way. The hon. Member for South-West Hertfordshire (Mr. Gauke), who is sitting behind

[Stephen Hesford]

him, raised the same issue in the Budget debate. However, he was good enough to accept that defining public sector productivity is difficult. If the right hon. Gentleman accepts that there is decent productivity in the private sector, does he agree that it is difficult to define productivity in the public sector? Perhaps his point is not well made.

Mr. Redwood: I do not agree. It is easy to calculate productivity in the public sector, and it always was done—until the Government did not like the answer. It is calculated in the same way as that in the private sector. If one gets more for the same amount of resources, productivity rises, whereas if one gets less for the same amount of resources, or if one puts in extra resources yet does not get proportionately more out, productivity falls. That is happening under this Government.

Mr. David Gauke (South-West Hertfordshire) (Con): The hon. Member for Wirral, West (Stephen Hesford) referred to my comments in the Budget debate. I made the point that however one measures productivity in the public sector, the current record is abysmal.

Mr. Redwood: I am grateful to my hon. Friend for clarifying his point.

What should the Government do about the poor productivity record that now blights health, education and other leading services? I hope that they will take the Gershon work more seriously. Gershon was on to something, and it is a pity that so much of the study remains unimplemented.

When will the Government tackle the vast and bloated administration that remains in central Whitehall Departments and in quangos? When will they cut through the huge regional and national administrative overheads, and the comprehensive performance review and best value regimes that so blight local government and local service delivery? When will they get rid of regional and strategic health authorities and much regional government, which constitutes an unnecessary encumbrance, in England? When will they start using natural wastage in the administrative grades in the civil service to cut the numbers in a sensitive but sensible way? When do they intend to establish a target for a much smaller civil service, which delivers more with fewer people, rather than constant expansion every time a Minister introduces a new initiative? When will they procure things more intelligently? When will they cut through the huge army of private sector management consultants who receive generous contracts on practically everything of interest in the public services?

When will the Government get to grips with the bad managerial organisation, which one witnesses health authority by health authority, primary care trust by primary care trust, that led to recruiting people last year and firing them this year, and an army of spin doctors telling us that nothing is going wrong and that no nurse or doctor will lose their jobs, only for us to read in the press that nurses and doctors are losing their jobs? The mismanagement is grotesque, and an enormous waste of money. An analysis at the weekend suggested that only 13 per cent. of the additional money for the health service has bought additional capacity, and nurses and doctors who can carry out medical and clinical tasks. Is it not a pity that we did not get half that money to buy the additional capacity that we so badly need?

Mr. Breed: The right hon. Gentleman mentioned the Gershon report. I do not know whether his experience has been the same as mine, but substantial job reductions have occurred in jobcentres, yet because of the complexity of what has to be done, all that has simply created longer queues and piles more work. My constituents, and probably the right hon. Gentleman's, now have to wait much longer for their working tax credits to be understood, and in any crisis. Although a few jobs have been cut, no more efficiency has been achieved, and the brunt of the consequences is borne by the vulnerable people whom the Government aimed to help.

Mr. Redwood: The hon. Gentleman's analysis is not quite right. My local centre was closed and the service has subsequently been much worse. However, I do not believe that overall staff numbers or costs were reduced. I believe that they increased instead, because at the same time as closing small local offices, the Government expanded larger offices in big towns and cities and took on extra people, as well as spending a fortune on a computer system that clearly did not work well. That is a common theme of much of the so-called public sector modernisation that we witness. The IT debacles are enormous.

The main productivity problem in the country is public sector led, and the result of gross waste and mismanagement. It is high time the Government got on with what I believe the Treasury wishes to do—I encourage Treasury Ministers to do it—and started to control the massively wasteful over-recruitment in the administrative and bureaucratic parts of the public sector, cull the quangos, deal with the intermediary bodies that we do not need and ensure that the extra money is targeted on providing additional capacity in schools, hospitals and general practice surgeries, where it is clearly needed. We cannot afford to expand both that and bureaucracy, which appears to have been the Government's priority so far.

As the Treasury Committee points out in its report, the external trade balance does not provide an especially good picture. When the Chancellor was in opposition, he appeared to take great delight in any balance of payments figures that were adverse for the country, and believe that they were enormously significant. Now we hear almost nothing about those. It should worry the Government that the British economy is not as symmetrical or well balanced as it should be, so we are extremely dependent on imports, not only in manufacturing but in some services and commodities. That places enormous strain on the external trade balance, and on financing it. The Government need to think about that. They need to redouble their efforts to create a background for a more productive economy. That means lower taxes, less regulation and creating a climate that is far more favourable to enterprise.

The fall in business investment—or the failure of business investment to grow as quickly as many would like—is a matter for concern. I was glad that the Treasury Committee took evidence about it, but I would

say that it underestimated the significance of the pensions crisis. Many companies simply do not have the cash to spend on the investment that they would like or that would be welcome, because after the taxman has taken his cut, the second most important claim is the pension fund contribution—and now the pension fund levy contribution, which they have to make under the new laws.

The Government would be wise to examine that and ask themselves, as I suggested in my Budget speech, whether the regulatory system can be amended and improved to get more accurate figures for the pension deficits. I believe that they are currently greatly exaggerated and that that increases the strain on payments into the funds and therefore on corporate cash flows, reducing the amount of new investment.

Labour Members who feel that the pensions crisis is simply the result of companies taking pension holidays at the end of the previous century are way off the mark. No fund could stop paying money into its pension pot unless it was fully funded. They stopped paying extra money in when they were fully funded because, under Treasury rules, they had to. The Treasury regulator said that they could not keep putting money into a pension fund to build up a bigger surplus, as that was against the rules of pension funds. That is quite right. The deficits subsequently arose and they are now exaggerated by the long bond rate, the discount rate and the other assumptions made in deficit evaluation, and they are producing unfortunate knock-on effects for business investment throughout the UK productive sector.

The Government have said that they wish the Budget to be green. Being green is now very popular among all the main political parties, and the Government are welcome to this exciting green party. The Budget measures do not quite live up to people's expectations in that regard, however, and we have already heard some criticisms of them. The Government would do themselves a lot of favours if they went in for friendly greenery. I am a great believer in friendly greenery, which involves giving people a tax break when they do the right thing rather than clobbering them with high taxes if they do the wrong thing. I know that the Lib Dems are in the clobbering camp. We tried to tease out of them earlier just how much they would clobber us for travelling by car or by plane. They were a little coy about that, but they seemed to want to clobber us more than anyone else did. They seem to take pride in being the biggest clobberers of them all—

Julia Goldsworthy *rose—*

Mr. Redwood: Ah, the biggest clobberer wishes to intervene!

Julia Goldsworthy: Would the right hon. Gentleman like to give some examples of how the Conservatives would achieve their plans to cut carbon emissions by one third?

Mr. Redwood: I am about to tell the House why I favour friendly greenery, but the hon. Lady seems to imply that she agrees with unfriendly greenery. We will all note that in the context of the forthcoming local elections.

The best friendly green policy that this country has seen was introduced by a previous Conservative Government, who offered a tax discount for people buying unleaded petrol at a time when there was far too much lead in the atmosphere as a result of the use of leaded petrol. The measure was universally popular: everyone wanted to buy the cheaper petrol, and that gave them a good feeling, because it was cheaper and because they were helping to clean up the atmosphere and not doing so much harm to the lungs of children who lived near main roads. That was an extremely good green policy.

I would suggest that we do rather more of that kind of thing. Why do we not have more incentives for people who wish to insulate their homes, put in a condenser boiler or buy a fuel-efficient car? The disappointing thing about the Budget is that although it starts to go in the right direction by introducing tax breaks for fuel-efficient cars, it has chosen a range for those tax incentives consisting of cars that cannot be bought in this country at the moment. That seems a bit of a pity—

Rob Marris: It is a carrot.

Mr. Redwood: Well, it implies that the Government are relying on the stick rather than the carrot. I would ask the Government to amend the figures in Committee so that this policy can actually work. Why not allow people a tax break if they buy cars that are available in Britain at the moment, if they are fuel-efficient and friendlier on the old carbon?

It is a pity that when the Government get to inheritance tax in their blockbuster Bill, they do not do more to raise the threshold. I thought that, by cross-party agreement, inheritance tax was designed to deal with the super-rich leaving huge sums of money to their children or others, but it is now levied on most people in the south of England, and quite a few in the north, who are passing on their homes to their children. That was not the original intention, and the Government should recognise just how much house prices have risen by increasing the threshold, so that this is no longer a tax on those passing the family home on to other members of their family.

I hope that the Government will think again about some of the measures affecting trusts. The point was well made by my hon. Friend the Member for Chipping Barnet (Mrs. Villiers) when she said that many trusts were set up not in order to get round tax legislation in a legal way, but for perfectly good reasons relating to family circumstances such as divorce. It seems a great pity that such arrangements will now be caught by the legislation and will have to be re-examined at considerable expense, and perhaps reorganised—so I hope that the Government will think again.

If the Government want an enterprise economy, they would be wise to revise their ideas on the abolition of the zero per cent. rate of corporation tax. That was the only corporation tax rate that I ever liked or approved of, and it was a great pleasure when this Government introduced it. They ought now to try to find ways of bringing the other rates down closer to it, rather than abolishing the one good attractive rate that we have. Such measures will work, although they might take a little time. Offering a zero rate to people setting up new

[Mr. Redwood]

and small businesses is an extremely good idea. They need the money that their businesses generate for all the bills that they have to pay, and it is good for them to have that extra incentive. The Government would also be wise to reduce the incidence of capital gains tax, which can send out the wrong signals in an enterprise economy.

We live in a highly competitive world, as hon. Members on both sides of the House noted in the Budget debate, and again today. The Government need to realise that the point that we reached a few years ago, when we had relatively low tax rates, has now been overtaken by events in eastern Europe, Ireland and many parts of Asia. Tax rates are being driven down by the competitive process of the world economy, and if we do not match the better rates we will see more investment going abroad and more people closing their factories here and setting them up elsewhere. There is growing evidence that we do not have to be a low-wage society to do well in this world. The United States of America and Ireland are very successful economies, but they are clearly not low-wage societies. However, we do need to be a low-tax society to do well.

I urge the Government to live up to their rhetoric. They need to deregulate more, legislate far less, get rid of the great chunks of the Bill that are incomprehensible and not needed, and introduce lower tax rates for the enterprise sector. Then we might not need to worry quite so much about the productivity crisis in the public sector, because we would be generating more industrial and commercial activity elsewhere. I would also urge the Government to treat the productivity problem in the public sector very seriously indeed. It is already causing considerable political anguish in the run-up to the local elections, with the unfortunate stories about the sacking of nurses and doctors. These problems could be avoided if the Government were to get a grip on the cost of the bureaucracy.

6.6 pm

Rob Marris (Wolverhampton, South-West) (Lab): I should declare that, as well as being a member of the Transport and General Workers Union and the Law Society, I joined Greenpeace in 1975 and I am also a member of Friends of the Earth. I declare that interest because, as we can see from the Opposition amendment before us and from the Budget, environmental issues are very much de nos jours.

We should be more sophisticated in the way in which we talk about the environment. I seem to remember that the Green party got 15 per cent. of the vote in the 1994 European elections, but enthusiasm for green issues then seemed to ebb. These things go up and down.

As you might know, Madam Deputy Speaker, Birmingham airport now provides direct flights from the west midlands to Poland. I have been mulling over these issues for some time, and I took what turned out to be the inaugural flight on SkyEurope. It was very good going out, but a bit delayed coming back. However, I would recommend it as a way of visiting Poland. I got to Birmingham airport at 7 am on Wednesday just before Easter, and the place was packed. I started to reflect on what people actually do, in contradistinction to what they say. I suspect that this applies to most hon. Members, although there will be some exceptions. Most hon. Members to whom I talk socially take many flights—often cheap flights—during the year, and I suspect that most of them drive cars. Most probably, they drive thousands of miles a year, as I do myself. I drove about 4,000 miles last year. We need to be careful, given the measures that we propose, that we are not seen as hypocrites. We must not appear to be behaving like King Canute on these issues.

Global warming has been much talked about in this debate, and so it should be. I referred to it in two interventions on my right hon. Friend the Chief Secretary to the Treasury. Global warming is here to stay, and it is going to get worse. The United Kingdom emits roughly 2 per cent. of all greenhouse gases. If we halved that tomorrow, it would make hardly a dent in the problem. I stress that that is not to say that we should back off from the admirable efforts that the Government have made, in this Budget and previously, to cut the United Kingdom's contribution to greenhouse gas emissions. However, if the world's emissions went down by 1 per cent.—which would be the result of halving our 2 per cent. contribution—it would make almost no difference whatever to the effect within the United Kingdom.

I detect among many hon. Members—I include myself in this—and among people in our society some hypocrisy about what they do in their personal lives about carbon emissions and a tendency to behave like ostriches in relation to climate change. Most of what we hear about climate change relates to cutting the emissions of one relatively small emitter, which is important but would not stop the projected 1 m rise in sea levels by 2100, which is an awful lot for an island. By 2050, under global warming, average temperatures are projected to rise by 3.5°C. It is suggested that, if no steps are taken to halt climate change globally, the world could warm up by an average of 13°C over the next 1,000 years. That would give London the climate that Cairo currently has, although London would no longer exist as it would be under water.

Mr. Ellwood: The hon. Gentleman must understand that, unless Britain sets an example, as it has done in many other areas, it is unlikely that countries such as China, Brazil, India and will follow suit. We must show what can be done and then export those ideas.

Rob Marris: I agree with the hon. Gentleman. I have stressed twice that we should carry on with our steps, which I have lauded the Government for taking. This country has done a good job and, in some ways, we do set an example, but we should not exaggerate our influence on the world stage in the example that we set when all kinds of people in this country are taking more cheap flights. The Treasury Committee report released today mentions that, between 2000 and 2004, the annual number of passengers liable to pay air passenger duty rose by some 25 million or 35 per cent. We therefore have to be careful. It is important to set an example and to try to cut emissions, but we must also consider the other side of the equation, which, as far as I can tell from the reply of my right hon. Friend the Chief Secretary, the Budget singularly fails to do. The other side of the

equation is: what will be the effects on the United Kingdom of the global warming that we already know is coming?

Mr. Redwood: The hon. Gentleman is making an important point. Does he agree, for example, that we could polderise new land in the Wash, and out of the profits from creating extra land, partly for development, build a much better sea defence? That would be a good scheme to introduce ahead of the kind of things about which he is worrying.

Rob Marris: It is a rare occasion on which I agree entirely with the right hon. Gentleman, who makes a thoughtful suggestion. I do not want to stray too far from the Budget, Madam Deputy Speaker, but what the Treasury does with regard to green taxes tends to permeate our society and other Departments. The report published last month under the auspices of the Department for Environment, Food and Rural Affairs, "Climate Change: The UK Programme 2006", in a summary on page 130 says:

"The Government will take action to develop a comprehensive and robust approach to adaptation in the UK through the Adaptation Policy Framework; publish revised and expanded climate change scenarios for the UK in 2008; monitor and develop the knowledge on climate change impacts and adaptation through UKCIP."

Publishing estimates and scenarios and developing the knowledge base are laudable, but that is not concrete action. The Budget does not start to address the things that we can do about the impacts, such as polderisation, if that is a word.

On page 130, paragraph 7, the report continues:

"Some of the most widely expected adverse impacts in the UK include: an increased risk of flooding and coastal erosion; increased pressure on drainage systems; possible increased winter storm damage; habitat and species loss; summer water shortages and low stream flows; increased subsidence risk in subsidence-prone areas; increasing thermal discomfort in buildings; and health issues in summer."

Those examples are vague, but research is laudable. However, we do not even have a grasp on what will happen, in spite of years of knowledge about climate change. I was taught about climate change and greenhouse gases when I went to university in 1973, so it is not new. We still do not know—we are still doing research on it—whether we will get a Newfoundland climate, which is pretty awful, or a Mediterranean climate, which might or might not be pleasant in this country; it will not be pleasant if half the country is flooded.

The green taxes in the budget and the steps being taken by Government address only half the equation, which is a huge problem about which the House ought to be honest to itself.

Mr. Ellwood: I hope that the hon. Gentleman will concede that the big EU bus was parked outside No. 10, and the keys given to us, for six months. On top of that, we were responsible for hosting the G8 summit, which is exactly where these issues should have been addressed to tackle the monumental challenge that the entire world faces.

Rob Marris: We are all prisoners of what we read and hear and talk about with people, but I do not hear this subject talked about much. I am open to correction, but I do not recall another Member making quite a long speech—as I have done for almost 10 minutes so far—on what society should do about the effects of climate change. I do not hear that debate going on in our society. I have the honour to represent an urban seat, and I do not hear from rural Members on the subject. I heard a little at DEFRA questions last week about the hosepipe ban in the south-east. I am not a scientist, but I suspect that the hosepipe ban and the worst drought in the south-east in living memory might be connected to climate change. When will society and Government start to talk about what they will do about the effects of climate change? If I am right that the matter is not debated in the House or elsewhere, that is an appalling indictment of all Members on both sides of the House—I can make enemies of everybody, I suppose.

I stress with some passion that society ought to have that debate. We need to discuss the taxation regime, whether it is tax breaks for polderisation, research or life sciences developing new plants that can grow in this country with longer daylight hours—one cannot just transfer Mediterranean plants, because the daylight configuration is different further north. From the little information that I have—I always stand to be corrected, especially on this matter—this society and Government, through our tax regime in the Budget and elsewhere, appear to be doing almost none of that, except for the general research and development tax breaks introduced in recent Budgets, including this one, which I welcome, especially as a west midlands Member, in the hope of a positive effect on manufacturing.

In terms of where the world is going, and our country within it, we are not doing a whole lot about the effects of climate change. Mostly we appear to be saying, "We'll do a bit of research." I plead with the Government, through the Treasury, which has a huge say because it controls the purse strings, to consider the matter again and speed things up. Neither I, as a Wolverhampton Member—nor you, Madam Deputy Speaker, representing a west midlands seat—want Birmingham to become the capital of the United Kingdom because London no longer exists, as it is under water because of climate change. That could happen. As I understand it, the Thames barrier, just a few kilometres down the river from where we are now, is being used more frequently, year on year, than when it was initially built to deal with climate change. I do not know which Government commissioned it, but it was a far-sighted piece of work. We need to do more of that sort of thing and we should change our taxation regime to do it.

Huw Irranca-Davies: My hon. Friend is making a thoughtful and insightful contribution. Does he acknowledge that that cause and effect is exactly the reason that the Severn barrage, which was ruled out three and a half years ago because of cost and ambition, is now very much on the cards, not only because of the energy that it could create but because of the environmental safeguards that it could introduce along the Severn estuary, which has the second highest tidal drop in the world?

Madam Deputy Speaker: Order. I respect the passion about climate change and its impact, but I hope that hon. Members will relate their comments directly to the Finance Bill.

Rob Marris: I am grateful for your assistance, Madam Deputy Speaker. I was relating my comments partly to the Bill and partly to the Opposition motion, which suggests that the Bill is not an adequate response to the challenges that we face in this globalised world. I apologise if I strayed too widely, but I will, if I may, respond briefly to my hon. Friend's intervention. I believe that the bay of Fundy in Nova Scotia is No. 1 in tidal terms, but we should consider the implications of the Severn barrage for electricity generation and the like.

As for the specific taxes that are or are not in the Budget, I think we should look at airport passenger duty, but there is a difficulty, to which I adverted earlier. A number of Members—I was one over Easter—take cheap flights. It ill behoves us to say that because we are on £60,000 a year, or more in the case of Ministers, we will put up the price of flights so that other people cannot fly everywhere and ruin the environment, although Members are likely to go on doing so, whether or not they have to save for their holidays. We have to be rather careful about stuff like that, because it could undermine support for the environmental, green taxation regime on which a consensus may emerge in the House. I hope that it does.

The hon. Member for Falmouth and Camborne (Julia Goldsworthy) was coy about some issues. I should like to know whether she, like me, favours a swingeing top band for vehicle excise duty. I am not sure where the top band should start. Perhaps it should begin with carbon dioxide emissions of 250 g per kilometre, involving a fine of, say, £2,000. Would the hon. Lady care to say whether she or her colleagues would support such a swingeing top rate? She referred to it, but did not say whether she would support it. *[Interruption.]* The hon. Lady is still making up her mind, with assistance from the hon. Member for Eastleigh (Chris Huhne).

Huw Irranca-Davies: No doubt my hon. Friend will have read the academic tome by Jost Krippendorf entitled "The Holiday Makers." It suggests that the best solution is to remain at home and spend the money that we would have spent on holidays on improving the quality of life there. Does my hon. Friend believe that the Liberal Democrats, or anyone else, would win an election on that basis?

Rob Marris: It is probably a long time since I have heard of the book.

My hon. Friend made a light-hearted point. He is right: we can take pot shots at each other. The House will not be surprised to learn that, later in my speech, I shall take pot shots at the Opposition, which I can do with great delight and sometimes with effect, but there is a broader issue. We are not going to persuade ourselves or our constituents who can afford holidays to stay at home. I will not stay at home for my holidays if I can possibly afford not to, so why should I bid others do so?

The difficulty is that people conduct their lives according to certain patterns. They should be able to go on holiday and, if they want to go elsewhere, they should be able to do so. If we were to stop them, we would do so by means of swingeing tax increases that are unrealistic in our society for the foreseeable future. We must therefore take a different view in the context of our tax regime. We must think about what we do, vitally, in this country to cut emissions, but also about what we do to grapple with the effects of climate change.

We should consider a swingeing top rate for vehicle excise duty, and a future rate for vehicles that have not yet been built. We should take account of the effects of the tax on the behaviour of manufacturers as well as that of consumers. That has been attempted in the United States, with some success in California in terms of total fleet emission requirements for manufacturers. Unfortunately, the federal Government bottled it by, for instance, excluding sports utility vehicles and pick-up trucks, which are big sellers in the United States. However, California had some success with a fleet average to leverage on manufacturers. I hope that future Finance Bills will consider similar action and that negotiations will begin with vehicle manufacturers.

I have said enough about the environment. I want to say a little about the trusts regime. It has been difficult for those of us who support the broad direction of Government policy to grasp fully the effects of the change in the tax regime for accumulation and maintenance trusts. I am not an accountant but a solicitor and I have not done trust work, apart from a little, probably 20 years ago. According to my recollection—I thought that it was still the case—discretionary trusts attracted a 10-year anniversary charge, which I believe used to be 10 per cent. That may have been done away with, but I suspect that the regime still exists.

That tax has applied to trusts for many years and I think it has been supported on all sides. The difficulty on this occasion is that the Government have not given clear enough information on how many people might be affected by the changes to the accumulation and maintenance trust tax regime that are proposed in the Bill. I would welcome more clarity.

A point raised with me by a constituent—a good point, which I have not seen raised elsewhere—is that a number of people will have made wills and will no longer have the mental capacity to change them in the light of the changed legislation, particularly those with Alzheimer's or other kinds of dementia. That will constitute a difficulty unless there is another option. There is an arrangement which has existed for many years—I am not sure whether it has existed since the Wills Act 1837, but it has certainly existed for a long time—whereby up to two years after a death, the beneficiaries can effectively rewrite the will. People who have died in the past six weeks may have been caught by that, so the practice may be going on at this moment.

We need more clarity. If it is simply a question of taxing the rich, to put it in crude terms, it will not surprise the Minister to learn that I am broadly in favour of that: I think it is a pretty good idea. If it spreads much more widely, however, I might like to have another think about it.

The speeches of the two spokeswomen for the Opposition parties bemused me somewhat. Let me take them seriatim. As far as I could tell, the hon. Member for Chipping Barnet (Mrs. Villiers), the shadow Chief Secretary, concentrated on four main issues. Many of us were told that when we made speeches, or wrote essays, pamphlets or books, a strong focus was important. The four issues on which the hon. Lady chose to focus did not surprise me, but they did disappoint me.

First, the hon. Lady talked about tax complexity, which she linked with instability and unpredictability. If a tax regime is broadly similar and continues, as has been the case with ours, there are people who are paid a great deal to find the loopholes in it. When they have done so, the answer is either to plug the loopholes or to make fundamental changes in the regime. Broadly, the Government have tended to plug the loopholes. We have a broad base of stability and predictability for our tax regime, but when loopholes are plugged the process tends to become lengthy and somewhat complex.

It is all very well for Members to go on about simplicity and getting rid of complexity, and about how many pages there are in the Bill, the explanatory notes and all the other accompanying documents. We are talking about a holy grail that will never be attained. People talk about the need to cut the amount of regulation—I shall say something about that later—but year in year out, Governments of both colours produce about 3,000 statutory instruments because we live in a complex society.

The hon. Lady attacked the Government for tax complexity, and then said that that would lead to instability. Paradoxically, in the view of some Members, the stability that we have leads to complexity. The Government and the Chancellor have made an ideological or political decision to go around trying to plug loopholes rather than making huge fundamental changes. I support that approach. Yes, it will lead to some complexity, but I think that the instability for which the hon. Lady also castigated the Government is a worse option.

Stephen Hesford: I was going to make the same point, but does my hon. Friend agree that it goes further? What my right hon. Friend the Chancellor is trying to do, for the sake of fair taxation, is create certainty rather than the uncertainty that would allow tax lawyers and tax accountants to attack what the Government are trying to do, and attack our revenue base.

Rob Marris: I entirely agree with my hon. Friend. Plugging loopholes may lead to lengthier Finance Bills, but it also leads to more certainty and—on occasion—to more simplicity, because then there is no way round the tax: one engages in a series of transactions, and one pays the tax.

Surprisingly, given her past as an MEP, the hon. Member for Chipping Barnet extolled the virtues of Ireland's economy, as other Members have done, including the right hon. Member for Wokingham (Mr. Redwood). In doing so, they somehow overlook the massive transfer of funds through the European Union—some of those who have argued how wonderful Ireland is do not actually agree with our being in the EU—and do not mention the huge capital flows into Ireland, which have brought about success. Such success is a wonderful thing. I support the UK's membership of the EU and a 25-state EU that includes the Republic of Ireland. Ireland has benefited greatly from the EU and it has dealt wisely with the structural funds transferred to it, but to describe it as a low-tax economy that is so successful that it now has a higher gross domestic product per capita than the UK is to overlook the factor to which I refer. Moreover, its GDP per capita is in fact still lower than the UK's.

The second point made by the hon. Member for Chipping Barnet, on which I intervened, concerned the home computing initiative. That seems to have become a big deal, and I am happy for the Government to look at it again. To judge by the tenor of her remarks, she, like most people, seems not to regard it as a point of principle—the initiative is worth some £150 million, which is a relatively small amount—yet it is a quarter of her critique, as shadow Chief Secretary to the Treasury, of the Government's Finance Bill. I can understand why: there is not a lot else that she can have a go at the Government about.

The third leg of the hon. Lady's argument involved having a go at the Government on self-invested personal pensions. The Government got wrong their "second home" provision, and I and other Members—some of whom are here today—said so. Many of us in this life like to have things both ways, myself included. We and the Opposition said to the Government, "We think you've got it wrong". So the Government did quite a lot of research and talked to a number of people and said, "You may have a point: perhaps the provision does need some fine tuning." Then, the Opposition weighed in and gave the Government a kicking for listening. That is having it both ways. That is politics.

Stewart Hosie: The hon. Gentleman gives two interesting examples. However, an entire industry was set up to deal with SIPPs and the second property issue, and almost an entire industry was set up to deal with tax-free home computers. The BBC reported the possible loss of 2,000 jobs in connection with the latter, and that the SIPPs provision could cost tens of millions—if not hundreds of millions—of pounds. So it was not simply a case of making a mistake and correcting it; the situation was rather more significant than that, was it not?

Rob Marris: I understand the hon. Gentleman's point. I am simply trying to make the broad point that if a Government listen—as they should—there will sometimes be costs. The alternative was for the Government to proceed with an idea that many people, including me, had reservations about. They could have said, "We don't want to be caught doing a so-called U-turn." They could have taken the view that they did not want to have to say, "We're sorry that you had to spend hundreds of millions of pounds"—to use the hon. Gentleman's figures—"trying to avoid tax. We are now changing the provision." So the question is: should the Government clam up and do absolutely nothing, or should they say, "We've listened and perhaps we will make a change"?

If the Government are not listening, what is the point of our being in this Chamber today? Not all my comments about the Government are positive. If we say, "The Government never listen, so why have the debate?", or, "The Government listen, and when they do we are going to give them a kicking", that is the end of public debate. It is monstrous.

Chris Huhne (Eastleigh) (LD): As the hon. Gentleman well remembers, there were extensive debates on SIPPs during last June's consideration of the previous Finance Bill. The issue is not whether the Government listen, but how long they take to listen and to take these matters on board. I am afraid that the reality is that Treasury

[Chris Huhne]

Ministers were extremely deaf not just to the protests made by Opposition Members, but to the hue and cry in the City of London. Any Minister who had kept their ear to the ground would have been aware of what they were walking into and would have performed the U-turn much more rapidly.

Rob Marris: I remember having the great pleasure of serving on the Committee that considered that Finance Bill, and the Government did listen. What do we get from the Opposition? One can never tell what the Liberal Democrats' policy is from one week to the next, and the same is true of the flip-flop Conservatives.

Chris Huhne: Will the hon. Gentleman at least recognise that we tabled an amendment that the Chancellor finally accepted, almost word for word, after the pre-Budget report? Under the arcane rules of the House, because that amendment raised revenue, we were not allowed to debate it other than in a circumlocutory manner. The reality is that we were right about the amendment that we tabled and argued for in June, and it was not until October that the hon. Gentleman's friends on the Treasury Bench finally got round to admitting as much.

Rob Marris: It takes some people longer to listen and learn than others. The hon. Gentleman's party has been trying to get the electorate to listen and learn for the past 70 years and still has not succeeded, so these things can take time. The same point may also apply to his future leadership hopes; perhaps the membership of his party will listen a little more carefully next time.

The fourth leg of the argument advanced by the hon. Member for Chipping Barnet concerned trusts, to which we have already referred. I hope that the Government will look at that issue again, because I would like greater clarity. The tenor of her remarks suggested that she wanted to defend the rich. There is a lot to be said for the rich, but we do not need to defend them too much in terms of trusts taxation, because they can afford to employ a whole team of people to defend themselves. However, we do need the Government to clarify whether the provision applies to just the very rich. *[Interruption.]* The hon. Member for Somerton and Frome (Mr. Heath) tempts me to mention the opening passage of "The Short Happy Life of Francis Macomber", by Ernest Hemingway. The character Julian says, "The rich are very different from me and you", to which the other character replies, "Yes, they have more money." That is always the way. They also have more power, but Hemingway, who came from a nice middle-class background and—like me—had a doctor for a father, did not mention that. He should have.

The contribution of the hon. Member for Falmouth and Camborne was a bit vague. The hon. Member for Eastleigh referred to the Liberal Democrats tabling amendments to Finance Bills in Committee, and occasionally—when they are allowed to—they do table concrete amendments. However, the hon. Lady employed a device that many Members—including, I freely confess, me, on occasion—have used. When the Member concerned asks a question, the listener assumes that they know which policy the Member supports. However, on examining the question—I say this as a lawyer—it is clear that it is simply an open question. For example, the hon. Member for Falmouth and Camborne talked about a possible charge on aircraft movements, but she did not say whether she supports such a proposal. I am happy to take an intervention on that point.

Chris Huhne *rose—*

Rob Marris: I would rather take an intervention from the hon. Member for Falmouth and Camborne than from her puppet-master.

Chris Huhne: The hon. Gentleman should be aware, given that it has been mentioned in the House many times, that we back reform of air passenger duty, so that it is levied not per passenger but on the movement of each aircraft. That would provide the incentive to ensure that, when an aircraft takes off, it is full rather than half empty.

Rob Marris: Well, I am grateful for that clarification, because that was not apparent from the hon. Lady's speech. I apologise to the hon. Gentleman and others for not having picked up on that in the course of many, sometimes turgid, debates in this House.

The hon. Lady said that her party supports the climate change levy, but it is a bit complicated. However, she did not say how her party would simplify it. She talked about starting from the principle that the polluter pays, but was vague about how that would be achieved. So much of the Liberal Democrat approach to green taxes, including vehicle excise duty, is a bit vague.

Chris Huhne: It cannot be said that we are unclear on the matter of green taxes. My own speech in the Budget debate made it clear that we were in favour of reversing the fall in real terms in green taxes under this Government. Green taxes were 3.6 per cent. of GDP in 2000, but that has fallen to 3 per cent. The Bill will do nothing to reverse that downward trend, but it is important to do so, because it is essential to have an ongoing tax to encourage an ongoing change in behaviour. That is the answer to the hon. Gentleman's earlier point about behavioural change.

Rob Marris: The hon. Gentleman puts his point more lucidly, perhaps, than the hon. Lady, but it is still a little vague. Perhaps he could give her a copy of his speech, so that she can be clearer next time. The hon. Lady mentioned the law of unintended consequences, and we should indeed beware of it. However, I caution the Liberal Democrats to beware of it when it comes to their intended levy on aircraft movements instead of individual passengers. It is possible that that could lead to jumbo jets flying around with four people on board—

Mr. David Heath (Somerton and Frome) (LD): That is patently absurd!

Rob Marris: Well, I do not think that it is.

Chris Huhne: The hon. Gentleman should be aware that our proposal is that the duty per aircraft movement

would be scaled according to the size of the aircraft. I assure him that when he takes off in his 737 it will be subject to a lower duty than a jumbo jet.

Rob Marris: I do not actually own a 737, but I do not know whether the hon. Gentleman does—

Mr. Redwood: The Liberal Democrats have revealed more than they meant to reveal. It sounds as though they are saying that green taxes have to rise by at least 25 per cent., so we can now work out the figures and what that would mean for petrol, car ownership and aircraft movements.

Rob Marris: We are teasing out some clarity. We have learned that the levy on aircraft movement would depend on the size of the aircraft, but I did not hear that in the fairly long speech by the hon. Lady.

Mr. Henderson: Has my hon. Friend drawn the same inference as I have on the question of air movement taxes? Were it to discourage an operator from flying less full planes, the reality would be that areas such as Lerwick, Stornoway, Inverness, St. Ives or Newquay—whatever the airport in Cornwall is called; I have been there and it is a nice airport—and others would receive a much poorer service than they do at present. Such a tax would discriminate especially against rural and sparsely populated communities—*[Interruption.]*

Rob Marris: I agree, but the Liberal Democrats are saying no. So what will the tax do if it will not discourage aircraft movement? They are trying to have it both ways.

The law of unintended consequences may also apply to road user charging. Supporters of a per mile or per kilometre charge need to be careful about the psychology of some people—including me. If I paid by the mile, I might think that as I was doing my bit for green taxes I might as well drive a few more miles. The unintended consequence might be that people drive more miles. If the response from the Liberal Democrats would be to jack up the price, I am sure that that would be really popular with their rural constituents.

The hon. Lady also talked about personal debt. I do not know how to say this without sounding patronising, but I was around in the early 1990s, when she was quite a lot younger. The present low interest rates and economic stability mean that the ability of people to service their debts is completely different now. One cannot simply say that the gross amount is similar and that we will therefore have a crash like we did in the early 1990s.

Chris Huhne: The hon. Gentleman does not appear to be aware that the debt service levels, including both interest payments and capital repayments, are nearly back to the same level as they were at the beginning of the 1990s. So my hon. Friend the Member for Falmouth and Camborne (Julia Goldsworthy) was correct in her point and the hon. Gentleman is misinformed.

Rob Marris: Not at all. The hon. Gentleman carefully qualifies his point with the adverb "nearly", which his hon. Friend did not do, and that makes the difference. It is necessary to be more exact when making such claims.

The hon. Lady also claimed that the rising number of bankruptcies was evidence of her point. Bankruptcy is very sad in most cases, but she failed to mention that the Government have made it easier and more attractive to declare bankruptcy. I leave aside the issue of whether that was a desirable change, but it has been followed by—I posit that it is cause and effect, but I cannot demonstrate it empirically—a rise in the number of bankruptcies. That is more likely to be the driver in the rise in the number of bankruptcies than the level of personal debt.

Julia Goldsworthy: What about repossessions, which are also increasing significantly?

Rob Marris: If someone declares bankruptcy, their house will be repossessed. It is quite simple.

Mr. Heath: Not a very attractive proposition.

Rob Marris: Well, some people have been queuing up to do that.

We have heard talk of regulation and the taxation burden. I have here the "Burdens Barometer 2006" from the British Chambers of Commerce. As hon. Members will see, it is a long list of 69—

Mr. Deputy Speaker (Sir Michael Lord): Order. The use of visual aids is not encouraged in the Chamber, partly because it makes it difficult for the Official Reporters to understand what the hon. Gentleman is talking about.

Rob Marris: The document is about 80 cm long and 20 cm wide, and printed with a list of 69 so-called burdens. I shall go through them, so that the Official Reporter has a chance to understand my point about the desire for simplification and reduction of the regulatory burden, which has been expressed forcefully, especially by the Conservative party.

From the titles of the regulations, hon. Members will get some idea of whether they are what many of us would see as a good thing or are a burden on business. The first is the

"Data Protection Bill (Implementing the Data Protection Directive)".

Could be good, or could be bad. Second are the Groundwater Regulations 1998. They are probably a good thing, because they are about the purity of water—farmers would probably like them, although they were the polluters in some cases. Next is the Employment Relations Bill. Well, that will get a thumbs up on this side of the House, but it probably gets a thumbs down from the Conservatives. The Liberal Democrats are probably still deciding, even though it was introduced six years ago. Next come the working time regulations. Again, they probably get a thumbs down from the Conservatives, who do not like people having paid time off for their holidays. Fortunately the Government will, I hope, extend that right for a further eight days in the course of this Parliament, pursuant to our manifesto, so those regulations would probably get a thumbs up on this side of the House.

[Rob Marris]

Next we have the Fire Precautions (Workplace) (Amendment) Regulations. They sound good to me and not like too much of a burden. Next on the list is

"National Insurance: Service Provision through Intermediaries".

I am not sure about that, but if anyone can tell me what it is about, I will gladly take an intervention.

Next on the list is the Tax Credits Act 1999 and "accompanying regulations (working families tax credit)". That would get the thumbs up from Labour Members. I am not sure about either of the main Opposition parties, or indeed the nationalist parties although the hon. Member for Dundee, East (Stewart Hosie) will no doubt intervene if appropriate.

Huw Irranca-Davies: One unintended consequence of the tax credits legislation is that 700,000 children have been lifted out of poverty.

Rob Marris: I am not sure that I agree; I suspect that the Chancellor intended that very good consequence.

Here is another burden:

"The Transnational Information and Consultation of Employees Regulations 1999 (European Works Councils).

They get a thumbs up from Labour, but not from the Conservatives. I am not sure about the Liberal Democrats. They might like to intervene to tell me, or they can write to me afterwards—answers on a postcard—*[Interruption.]* They have run out of ideas.

Next on the list is the Education (Student Loans) (Repayment) Regulations 2000. I suspect that it is probably a good thing to get people to repay their debts, although the Liberal Democrats may have a different view.

I would hope that the Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000 would receive a thumbs-up from both sides of the House, although the Stakeholder Pension Schemes Regulations 2000 might be more controversial. I am not sure whether that would get a thumbs-up from the Opposition.

No. 12 on the list are the Wireless Telegraphy (Licence Charges) (Amendment) Regulations 2000. If that is the measure whereby the Chancellor raised £23 billion through an auction, it was jolly good for our finances. Indeed, I think that my right hon. Friend is thinking of doing the same thing again, on a lesser scale. I hope that it raises half as much money.

Next comes the Regulation of Investigatory Powers Bill, parts 1 and 3. I do not think that is unnecessary regulation; nor are the Pesticides (Maximum Residue Levels in Crops, Food and Feeding Stuffs) (England and Wales) (Amendment) Regulations 2000.

The next one is topical:

"The Vehicle Excise Duty (Reduced Pollution) (Amendment) Regulations 2000, pursuant to the EU pollution directive 98/69/EC.

That is not a burden, nor are the Water Supply (Water Quality) Regulations or the police powers to close disorderly licensed premises under the Criminal Justice and Police Act 2001 or the Biocidal Products Regulations 2001. I am not a scientist, as I said earlier, but I suspect that those regulations are probably a good thing.

As someone who eats eggs and fish but not meat, I cannot comment on the Processed Animal Proteins (England) Regulations 2001.

Mr. Francois: We all know that the Government are short of speakers in this debate, but as the hon. Gentleman continues ad nauseam with his list, will he let the House know how many of the measures he is reading out are actually in the Bill that we are supposed to be debating?

Rob Marris: In this part of my remarks, I am referring to the amendment selected for debate, which the hon. Gentleman signed. Unless he is withdrawing his name, or the amendment, I shall continue. I am speaking to the amendment, which states—to paraphrase somewhat—that the Government have over-regulated the economy and messed it all up. That will be news to the 2.4 million more people who have jobs.

Next on the list are the Disability Discrimination (Providers of Services) (Adjustment of Premises) Regulations 2001; the Proceeds of Crime Bill; the Maternity and Parental Leave (Amendment) Regulations 2001; the Building (Amendment) Regulations 2001 and the Building (Approved Inspectors etc.) Regulations 2001; the Electricity and Gas (Energy Efficiency Obligations) Order 2001 and the Undertakings on Supermarket/Supplier Relations (Code of Practice). They all sound quite reasonable.

As someone who spent three years driving a bus, I support the Public Service Vehicles (Conditions of Fitness, Equipment, Use and Certification) Regulations 2002, which are just over four years old. I commend them to the House. The British Chambers of Commerce may see the Occupational Pension Schemes (Minimum Funding Requirement and Miscellaneous Amendments) Regulations 2002 as a burden on business, but I think that they are a jolly good thing.

Next is the Industrial Training Levy (Construction Board) Order 2002. The Budget and the Bill refer to training, and the Government are committed to it and have done much to promote it, so the order is of considerable help.

Another topical measure in terms of green taxes is the Aggregates Levy (General) Regulations 2002.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): Stunning.

Rob Marris: Here is another stunning one: the Employment Act 2002. That is a pretty good Act and I like it. I was a member of the Standing Committee.

The Control of Asbestos at Work Regulations 2002 are next on the list. I worked for many years as a trade union solicitor and still have links to the firm—Thompsons—for which I worked. My interest is registered. Thompsons gives money to my constituency Labour party. If Members say that those regulations are an unnecessary burden on business, they are entitled to their opinion, but most people, especially those dying nasty deaths from mesothelioma, would disagree. We need to control asbestos at work.

Chris Huhne: The hon. Gentleman's list is fascinating, but does he realise that it is not enough merely to say

that the objective of a piece of legislation or regulation is desirable and thus to argue that the measure is proportional to the problem? Gerrit Zalm, the Netherlands Finance Minister who, from our sister party in the Netherlands, the VVD, oversaw a major aspect of deregulation, claims that the objectives being met by regulation were retained but that there was substantial simplification of the national framework for regulations precisely because an independent body vetted whether regulations met their purpose. Reading out a list of desirable objectives is not enough to prove that the measures are sensible.

I would like to mention—

Mr. Deputy Speaker: Order. The hon. Gentleman has made his point.

Rob Marris: At one level, I agree with the hon. Member for Eastleigh, but it is not sufficient for the British Chambers of Commerce simply to publish a list of figures under three columns of administrative costs in millions, recurring costs in millions and total costs by July 2006 in millions in a document, whose tenor is that those regulations are undesirable. That may not be their view, but that is the tenor of the document, which lists 69 items and is about 80 cm long. That is the other side of the coin in respect of the point that the hon. Gentleman made.

Huw Irranca-Davies: My hon. Friend will be aware of the report from the Organisation for Economic Co-operation and Development, which rates the UK as having the lowest barriers to enterprise in any major economy, low rates of business taxation, strong incentives to reward business investment and—pertinently—a good regulatory record that compares well internationally. What does he make of that?

Rob Marris: Just as the precise contents of the book to which my hon. Friend referred earlier had slipped my mind, it has slipped his mind that I included many of the points that he has just made in my speech on the Budget. I entirely agree with him about the OECD's assessment. I have had considerable affection for that body for several years because one of my cousins, Stephen Marris, was its chief economist. He was preceded by my Canadian compatriot, Sylvia Ostry.

Members will be relieved to hear that I have reached No. 32 in the list of 69 alleged burdens on business: the Flexible Working (Procedural Requirements) Regulations 2002. Procedural requirements might be over-egging things a bit, but not flexible working. Members on both sides of the House would support that. Indeed, the hon. Member for Chipping Barnet prayed it in aid for "mums at home" in respect of the home computing initiative, so I hope that we can all agree on those regulations.

The Dangerous Substances and Explosive Atmospheres Regulations 2002 might be controversial but they sound good to me. The Sale and Supply of Goods to Consumers Regulations 2002 may be over-regulation; they may be a burden on business by stopping a retailer ripping us off as consumers or ripping off our constituents, but they sound pretty good to me.

Another one, which is close to my heart as a former trade union employment solicitor, is the Control of Substances Hazardous to Health (Amendment) Regulations 1988—some people call it COSHH, using the capitals—which was introduced pursuant to a European Union directive. There may be an argument that the Animal By-Products Regulations 2003 represent over-regulation, because we had some previous animal regulations, to which I referred, but I cannot quite put my finger on. I concede that that is possibly over-regulation. The list then refers to regulating insurance mediation—not even regulations.

Julia Goldsworthy: If the hon. Gentleman thinks that the current system of regulation is perfect in the list that he is going through, why have the Government proposed the Legislative and Regulatory Reform Bill?

Rob Marris: First, I have not said that the current situation is perfect. Indeed, the hon. Lady perhaps picks a slightly unfortunate point on which to intervene, as I had just said that the Animal By-Products Regulations 2003 might possibly involve over-regulation because of the previous animal regulations, which I still cannot find on the list. No doubt, someone who has been listening attentively can point it out.

Secondly, on the Legislative and Regulatory Reform Bill, I would refer the hon. Lady to the remarks that I made during the debate on the Second Reading of that Bill before a House that had in it about a third of the number of the hon. Members who are here now, when the hon. Member for Cambridge (David Howarth) spoke very well.

Moving along the list, it refers to regulating mortgages—again, not regulations. Regulating mortgages is a burden on business, according to the British Chambers of Commerce, but it does not sound like undue regulation to me. I suspect that the majority of hon. Members have either had a mortgage or still have one. Some hon. Members have two mortgages, and I believe that other hon. Members have six or seven, but I am not sure.

Then there is the Water Environment (Water Framework Directive) (England and Wales) Regulations 2003. Again, it is possible that that is a duplication that we did not need, given that the Groundwater Regulations 1998 came earlier. I have lost my place. [HON. MEMBERS: "Hesitation!"] Hesitation? [HON. MEMBERS: "Repetition!"] If there is repetition, it would certainly suggest that we do not need some of the regulations in the list, but I am not yet sure about that. The list refers to the Child Trust Fund Bill—

Mr. Deputy Speaker: Order. The hon. Gentleman has been speaking for quite a long time and has been more or less in order. The items that he is referring to are not repetitive, but his argument is becoming a little repetitive.

Rob Marris: I am grateful to you for that indication, Mr. Deputy Speaker.

In round terms, there are another dozen items on the list that the British Chambers of Commerce appears to say are unnecessary and burdensome restraints on the freedom to do business in the United Kingdom, and I agree to the extent that they are restraints on the freedom of business conduct in the United Kingdom. There are also restraints in the Bill. Many of those restraints are very desirable, and we should have them in a civilised society. We can and

[Rob Marris]

should debate whether we have too many restraints, but the implication of that list of 69 regulations or measures—some of the items were not even regulations—is that we are all over-regulated. I am glad when I get into a motor vehicle that it has things like seat belts and airbags fitted and so on. I am glad that we have the kind of regulations that are in the Bill to stop people using tax loopholes.

The right hon. Member for Wokingham talked about the idea that we can have a high-wage economy with low taxation. He cited Ireland—I have already made my remarks on Ireland—and the United States of America. He may well be absolutely right; I do not know enough about the tax regime in America, but I do know that, contrary to what many people believe, its regulatory system is quite burdensome on business, given its 52 jurisdictions, with the District of Columbia and the Federal Government. We would find some of its regulations byzantine. However, we can also have a relatively—I stress the word "relatively"—high-tax economy with high wages. We see that most notably—

Mr. Purchase: In Sweden.

Rob Marris: Indeed. To simplify, Sweden, Denmark and Norway, which is, of course, not a member of the European Union—I am open to criticism, because I do not know all those countries intimately—all have high-wage, high-social- safety-net, high-taxation economies, and what do we find? On the UN's happiness index—I hope that hon. Members will forgive me, but I do not know exactly how that index is created by the UN—those countries, presumably on the basis of how happy people are there, come out higher on the smileometer than we do and higher than countries that have that wonderful, low-tax regime, because they have a social security net, which certainly all Labour Members and, I hope, all other hon. Members wish to see.

We must bear it in mind that the measures in the Bill—they are broadly decried by the two main Opposition parties, both of whom, I am saddened to know, have said they will vote against the Bill—are intended to make us more of a caring society, where we have continuing opportunity, prosperity, economic stability and dignity of work for those who can work. We are continuing to lay down the seedcorn for the future, by educating our young and giving them skills, as well as making training available to older people, particularly those who are not currently in work. That is the way we will counteract globalisation.

When I set it out in three sentences like that, I agree with the House that it sounds quite platitudinous. Often the simple things in life—the right things to do in life—are platitudinous. If one said, "I think that people should show respect for other people", I suspect that all right hon. and hon. Members would put up their hands and say, "Oh, yes, you should show respect for other people"—something that I passionately agree with—but it does sound platitudinous. However, the platitudes are sometimes worth saying. They do not come out of thin air, and simply talking the talk, as it is now called, is not sufficient.

The building blocks of a modern civilised society, as most hon. Members would call it, do not drop out of the sky. Unfortunately, some electors seem to think that they do, but they come about because of political decisions taken for ideological reasons by the Government, as manifested in things such as the Budget. That is not to say that the Budget and the Finance No. 2 Bill are perfect, but they are a concrete realisation of ideological positions taken by a majority of hon. Members. Unless there is such a concrete manifestation, it all remains talk. To talk is cheap, as we all know—although with the amount that we get paid, one could argue that it is expensive—and it must be put into action.

The Opposition are simply taking a few pot shots at the Bill, by saying, "Oh, we're not going to vote for it", knowing full well that, on past trends, it is very likely to pass tonight, because, fortunately, the Labour party, of which I am a long-standing member, has a majority. That is a cop-out by Opposition Members. The Bill is not perfect, but it contains a large number of measures that are steps forward on the road to building the kind of—for shorthand—Scandinavian economy and society that I should like to see in the United Kingdom; a route on which the Government have been engaged for the past nine years, and long may they continue on it.

7.8 pm

Sir George Young (North-West Hampshire) (Con): It is not so much a pleasure as a relief to follow the hon. Member for Wolverhampton, South-West (Rob Marris). The beginning of his speech was very moving, when he spoke about green issues and the environment, and he carried the House with him in his remarks at the inception of his speech. With respect, he began to lose the House, as he plodded through a rather tedious list of regulations, but as he and I are both members of Friends of the Earth, I will spare my criticism of him. I was going to say that, as he exhibited some independence of thought, I wish that he might serve with me on the Standing Committee, but having listened to him speak for an hour, I am not quite so sure that I want to spend the next two months closeted in a Standing Committee with him. My remarks will last a small fraction of the time of the hon. Gentleman's.

It is some 10 years since I last spoke on a Finance Bill. As I was the then Financial Secretary to the Treasury, the Finance Act 1996 has my fingerprints all over it. I think that the Paymaster General served on that Standing Committee. It was the only Finance Bill that I had anything to do with. I was appalled by the complexity and the length of the Bill. For three months, I had a good understanding of what it was all about. That information has now sadly decayed. However, I recall some gentle banter from Labour Members about the size and complexity of the Bill. I revisited it: it had 408 pages. In the intervening 10 years, matters have deteriorated: the current Bill has 475 pages and the language is even less comprehensible than it was 10 years ago. I was relieved to find one clause that I could understand without turning to the explanatory notes. It was the last clause—clause 181—which states:

"This Act may be cited as the Finance Act 2006."

I want to focus my brief remarks on an area of the Bill that no one else—apart from, very briefly, the Chief Secretary—has touched on: clauses 103 to 146, which set

up the real estate investment trusts or REITs. I refer to my interest in the register as a director of McCarthy and Stone, which builds retirement flats, which could end up within a REIT.

The first question that I want to ask the Government is: why has this modest reform taken so long? When we left office some 10 years ago, most of the spadework for REITs had been done. We consulted the Council of Mortgage Lenders, the British Property Federation and the City and the response was positive. There was all-party support for that sensible fiscal reform. There were models for it in other parts of the world. Indeed, this country had pioneered investment trusts and a REIT is, in effect, an investment trust for property. The transplant should have been straightforward and yet it will be nearly 10 years—1 January 2007—before we get the first REIT. I hope that whichever Minister makes the winding-up speech will have a plausible story to explain to the House why the reform has taken so long.

The second issue that I want to raise about REITs is more fundamental. There is a shortage of good housing in this country. Every constituency MP must know that there are people who need decent homes. The original thinking behind REITs was to promote investment in residential property. I remember because I was Housing Minister at the time the debate got under way in the mid-1990s. What we wanted was a vehicle to enable institutions and private investors to invest in property for rent, in the same way as they could invest in shares through an investment trust. At that stage, the vehicle was not called a REIT; it was called a HIT—a housing investment trust.

HITs were envisaged as the last stage of a series of reforms to promote the increased supply of good quality rented housing. We introduced assured shortholds to put tenancies on a viable basis. Once we had that underpinning the private rented sector, there was going to be a new fiscal framework to get serious, respectable, long-term institutional funds into property for rent. If quoted companies invested in rented property, that would bring institutional funds into a market that needed—and still needs—more supply, and private investors could buy shares in those companies. Also, institutions that find it difficult to get exposure to residential property in their portfolio would be able to do that through REITs.

The clauses contain the necessary changes to introduce that measure and I welcome that—it avoids double taxation. However, something has happened in the intervening period that I find very worrying. Instead of housing investment trusts, they are now real estate investment trusts. As I will show in a moment, the emphasis is very much on commercial property and the original idea, if not abandoned, is certainly no longer centre stage. There was never an equivalent argument for REITs for commercial property, compared with residential property. If one wants to invest in commercial property, there are listed property companies and one can do that with great ease. There is no shortage of institutional capital to invest in shops and offices, whereas in many parts of the country, as I said, we need more good quality new accommodation for rent.

Stephen Hesford: I am somewhat confused by the point that the right hon. Gentleman is making. In terms of commercial property versus residential property, in my constituency, there has been a five-year fight to prevent McCarthy and Stone from developing a certain plot, because it is inappropriate development. Many of my constituents see McCarthy and Stone, and other companies like it, building property simply on a speculative basis. Many of those properties are built and remain empty for years after. I am surprised that he is speaking for a vehicle that would increase development, because I understood that his party's view is that the south-east should not be concreted over.

Sir George Young: The hon. Gentleman has misunderstood the argument that I was trying to make. I believe that there is a shortage of good quality accommodation and I want to see more investment in it. I was trying to take the House through the original thinking behind housing investment trusts. The argument that I was developing was that what had been perceived initially as a vehicle for investment in residential property has now become a vehicle for investment in commercial property, where the underpinning argument of the need to increase supply is not so strong.

There was a warning signal two years ago when the then Financial Secretary, speaking about REITs, said:

> "As I understand it, most of the underlying assets in the trusts will be commercial property rather than domestic housing, thus to the extent that REITS are successful and they promote the construction and development of commercial property, the impact on residential housing may be negative".

That was a rather worrying speech. She went on to refer to the comments of the British Property Federation, which said:

> "The introduction of a UK REIT would provide a suitable, stable, relatively high-yielding savings and pensions orientated product enabling private investors to access the attraction of commercial property on a diversified basis".

The discussion paper on REITs, which was published a year ago, states:

> "The Government is committed to reforms of the property market where they support the objective of raising productivity in the UK economy".

It continues:

> "Such reform would be of particular benefit to the commercial property market".

Housing hardly gets a mention in the post-Budget comment on REITs. The Deloitte's Budget report states:

> "The regime now proposed is significantly more flexible than the original proposals. It is likely to mean that the major listed UK property companies will convert to REIT status".

Those are not companies that happen to invest in housing. Googling away, I came across a comment from Property Secrets, which states that the Budget was

> "a mixed bag with REITS bringing some cheer to the property industry".

The article continues:

> "Property companies were delivered a surprise bonus".

It states that shares in property companies soared after fresh proposals on REITs.

I want the Government to tell me that they do not see the measure as simply a vehicle for investment in commercial property, with existing companies reversing into a new vehicle. I hope that they share my hope—and that it is shared by the hon. Member for Wirral, West

[Sir George Young]

(Stephen Hesford)—that the measure will unlock serious, respectable, long-term money for investment in quality accommodation for rent.

I want to make one final point on REITs. When the concept was originally considered, there was concern that it should not simply be a new vehicle for existing property. Consideration was given to a requirement that, in order to qualify for a REIT, one would have to add to supply. Within the property market, there is a real risk that if one acts solely on the demand side, without doing anything about supply, one just pushes up the prices. The removal of double interest tax relief is a good example. I would be interested to know whether the Government have thought of there being a requirement to act on the supply side, as well as introducing this new vehicle on the demand side.

I just want to touch briefly on other subjects, including inheritance tax. I suspect that we have all had e-mails from constituents who are concerned at what they have read. *The Sunday Times* yesterday estimated that families will be forced to spend £340 million to rewrite their wills, even though the Government will raise only £15 million. I worked out that the Government will get more money from the VAT on the solicitors' fees from the people who have found out that they do not have to change their wills, than the £15 million that they will get from those who are caught by the measure.

Most people may not be affected, but they have to check. Indeed, before speaking in this debate, I had to contact my solicitor to see whether the modest arrangements that I have made for Lady Young were affected and whether I had an interest. Talking about the change, my solicitor said

"it was a bolt out of the blue, particularly as there had been lengthy consultations on other (minor) changes to the trust legislation. Many of the wills I have drafted will require review in the light of the law as is proposed, despite the Treasury claiming that a very small percentage of people are affected. I do not think that you are directly affected by the proposed changes."

We need to spend more time in Committee on that, but it appears to have caused a disproportionate amount of grief and ill will for a small amount of revenue. I thought that the Select Committee dealt with the matter rather tactfully in the report that came out today when it said:

"We are concerned that a legitimate measure designed to reduce tax avoidance may penalise trusts established to protect family members and consider that the issue merits further consideration."

It rightly says that the Government should provide more information.

The Chief Secretary said in his speech that it was an anomaly that 18-year-olds were not entitled to access trust money when they were 18. That might be his view, but many other people have a slightly different view about handing large sums to people when they are 18. The Government are basically saying that the Chief Secretary's interpretation of the responsibility of adolescence is that which should prevail and that anyone with a different view will be penalised for it.

Let me say a word on clause 13, which is on vehicle excise duty. The vehicle that brings me to the House each day is powered by an alternative fuel, but in addition to my bicycle, I own a band B car that will incur a reduced VED of £30. I share an interest in cycling with the hon. Member for Wolverhampton, South-West, whom I occasionally see at the bicycle shed.

If there is to be the administrative complication of a multi-rate VED, the differentials should be wider than they are at present. Clause 13(3) sets out three new rates for band G vehicles of £200, £210 and £215. Given that the total annual cost of running a band G car is presumably a five-figure sum, it is frankly absurd to have a VED rate with calibrations of £5. The market is not that sensitive, and the calibrations should be more widely spaced to justify the complication.

There is also an issue for farmers, and I say that as a rural Member. Some farmers in my constituency have to navigate unmade roads and need a band G car not to drive their children to school in west London, but to earn a living. If we are to have multiple grades and give out signals to deter unnecessary use, we need to think about farmers.

My hon. Friend the Member for Chipping Barnet (Mrs. Villiers) made a point about complexity in her excellent speech from the Front Bench. I disagree with the hon. Member for Wolverhampton, South-West because I think that the system is now so complicated that it is unstable. It is unsustainable to go on year after year with Finance Bills such as this, and we need a simpler system. I was interested to read what the Institute for Chartered Accountants said about our system:

"The UK tax system is spiralling out of democratic control . . . This compounds the complexity of a system which has developed in such a way that even highly numerate taxpayers are struggling to understand the tax implications of their actions."

My party has a clear strategy on that. We have set up a commission to introduce not only lower taxes, hopefully, but simpler, fairer and flatter taxes.

I did not hear from the Chief Secretary any vision of how to get out of the mess that we are in. When the Paymaster General winds up the debate, I hope that she will be able to say something about where the Government are going on this. Do they see no exit route from this series of Finance Bills and a bewildering system whereby not just the very rich and devious, but ordinary people, get caught up in the machinations of the tax system? It would be helpful if she would share with the House her thinking on the long-term strategy of how we introduce into this country a more sustainable, simpler and more comprehensible tax system than that which we are debating today.

7.23 pm

Stephen Hesford (Wirral, West) (Lab): I should make a declaration to the House: this is the second Finance Bill on which I have spoken. I spoke on Second Reading of the Finance Bill last year, and a rude awakening came my way as a result of my speech. I thought that if one made a Second Reading speech on such a Bill, the normal course of things was that one went on to the Standing Committee, but I did not. What I said on that occasion clearly did not entirely meet with the House's approval. However, "If at first you don't succeed, try, try again," so this is my second attempt at speaking on a Finance Bill.

I said last year, as did the right hon. Member for North Antrim (Rev. Ian Paisley)—I do not know whether he served on the Standing Committee either—that I was not an expert on these matters. I certainly give the same caution today. I spoke on measures in the Budget during the Budget debate. However, as that speech is on record I will not trespass on the House's attention by talking about those measures tonight. Instead I shall try, within order, to talk about the complex issues before us.

The shadow Chief Secretary, the hon. Member for Chipping Barnet (Mrs. Villiers), made an interesting speech similar to that made by her hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) on last year's Finance Bill.

Rob Marris: Same speechwriter.

Stephen Hesford: I do not know. Perhaps the shadow Chief Secretary would like to intervene to tell us.

Mrs. Villiers: No, it was not the same speechwriter; I wrote my own speech.

Stephen Hesford: That is excellent, but the hon. Lady might have written the other one, too.

Mrs. Villiers: No, I did not write the other one.

Stephen Hesford: I congratulate the hon. Lady on her industry.

The effect of the two speeches was the same. The hon. Member for Runnymede and Weybridge said last year that the Opposition welcomed many measures in the Bill, but would still vote against it—and the hon. Member for Chipping Barnet used exactly that phrase. The core of the speech did not become clear to me, or, as he made clear in his inimitable way, to my hon. Friend the Member for Wolverhampton, South-West (Rob Marris). As a result of my hon. Friend's performance, I may not be needed on the Standing Committee again, because all the vacancies will be filled by one person. I look forward to his performance in due course.

Rob Marris: No one else does.

Stephen Hesford: Surely not. I look forward to my hon. Friend continuing.

The hon. Member for Chipping Barnet did not tell us what she supported. She seemed to be using one of those throwaway phrases that seem convenient for the Opposition but are, in fact, very destructive. I urge the hon. Member for Rayleigh (Mr. Francois), who will wind up the debate for the Opposition, to find a constructive element. What measures in the Bill does the Conservative party support? If Conservative Members are honest with themselves, and, more particularly, with the House, they will say that there is a good deal in the Bill that they support. However, for tactical reasons, they do not want to admit that. If there are a good number of measures that they support, their reasoned amendment becomes less reasoned—opposition for opposition's sake.

I made an intervention on the right hon. Member for Wokingham (Mr. Redwood) when he was talking about productivity. The hon. Member for South-West Hertfordshire (Mr. Gauke) also intervened during the same passage of that speech. The right hon. Member for Wokingham accepted that productivity in the private sector was reasonable—I am paraphrasing him, so those were probably not his precise words—but said that that was not his point. He did not criticise private sector productivity when I put to him next year's putative growth rate, which will go up to about 2.75 per cent., which is above trend. He said that there was a problem with productivity in the public sector. I put to him the point, which he did not deal with, that it is very difficult to measure productivity in the public sector. The hon. Member for South-West Hertfordshire accepted that point in an earlier debate.

What point was the right hon. Gentleman making? I suppose that it may have been a cheap political point. He spoke of the crisis in the NHS—a phrase that I reject out of hand as a cheap, unsupportable gibe—but seemed to contradict himself by encapsulating in the crisis the idea of job losses in the public sector. I do not say that such job losses are an easy thing to deal with; we have all read the facts in the newspapers and heard them on the news, and we all have our own views on the matter. According to the right hon. Gentleman's own logic, however, if there are job losses in the public sector, that means by definition that the public sector is becoming more productive because there are fewer people working in it. I therefore have no idea what exact point he was making.

The right hon. Gentleman accepted that private sector productivity was good—I agree—but then confused his argument by pointing to the very fact that makes public sector productivity more likely than not. It seemed to me that the convoluted and overtly political point that he was making damaged his argument. It was rather cheap, and it is also rather representative of the poor arguments being made by the Opposition. Returning to my original point, is this opposition for opposition's sake, or are there serious issues to be discussed here?

That may become clearer in Committee, when the Bill will be looked at in detail, clause by clause. On Second Reading we are dealing with the principle. It seems to me that the principle governing this Bill, and many of the Bills that my right hon. Friend the Chancellor has brought to the House, is that it reverses the unfortunate, and sometimes tragic, history of the Treasury. I am talking about what is known as the dead hand of the Treasury. Traditionally, the Treasury was the Department that simply said no—"No, no, no." The Chancellor has made it clear that the Government cannot allow that, and now the Treasury has been part of the engine for reform. I welcome and applaud that, and I think that this Bill is an example of it.

I shall pick out a few clauses that show how the Treasury has ceased to be a dead hand and become an engine for change. Labour Members would certainly argue that we are in government precisely to be an engine for beneficial change. There are four areas in which the Bill makes such changes. The first three are social measures, deregulation and what I will simply call business-friendly measures, and anti-tax avoidance measures, which in an intervention I called fair taxation. It is only right that those subject to regulation by the Finance Bill should pay as the democratically elected Government say they should, rather than avoiding their

[Stephen Hesford]

social and economic responsibility as corporate or private citizens. The final category is that of green measures, about which many right hon. and hon. Members have spoken.

Health having been my main policy interest since I entered Parliament in 1997, I think that one of the major clauses is the one dealing with tobacco duty—clause 1. That might seem a routine Budget measure, but if we look at a range of Budgets, we see that it is not. Raising tobacco duty sends out the right message about tobacco consumption, as it is designed to do. It runs in parallel with a Department of Health measure, the White Paper "Smoking Kills", which sets out the number of avoidable deaths from smoking-related diseases per year. When the White Paper was being drafted, that figure was about 120,000, and I am happy to say that it is beginning to decline. It declines not by accident but through the Government expressing their will and taking a lead, and through the public being willing to follow that lead.

Making cigarettes more expensive and raising from 16 to 18 the age at which people can buy cigarettes—a measure that I understand is coming on stream—is all part of the direction of travel of social change and reform. It is effective in preventing children from starting smoking, which is the key. Evidence is beginning to emerge that such measures are effective, and I welcome that. We are also helping those who want to quit to do so.

Mr. Dunne: In view of the hon. Gentleman's valiant attempt to use excise duties as a means to introduce his specialist subject, the health service, does he agree that it was a considerable disappointment and surprise that the Chancellor, in his Budget speech, did not once mention the NHS?

Stephen Hesford: If we are trading cheap remarks, I suppose that I could say to the hon. Gentleman that he has only just come into the Chamber and has not had the courtesy to take part in the debate. *[Interruption.]* Well, I must be blind then, because I have been sitting here.

Another measure dealing with smoking is the Health Bill, which has been through this House. The banning of smoking in public places, with its aim of employee protection, received overwhelming support in the House. It is another weapon in the armoury in the fight against smoking. I, and no doubt many right hon. and hon. Members, would like to see an anti-smoking ethos rather than a smoking ethos embedded in our society.

Clause 2 deals with a related but different issue—evasion of the duty on tobacco products. It has two consequences, and perhaps the House agrees with that. It is an anti-avoidance measure. It raises revenue on a product that revenue should be paid on. It also seeks to cut off an area of criminality. According to Her Majesty's Revenue and Customs figures, it is estimated that currently one in six cigarettes and half of all rolled tobacco consumed in this country is illegal. That cannot be right. The practice is dangerous and wrong, and duty should be paid, as it is by law-abiding citizens. As I understand it, the purpose of clause 2 is to oblige tobacco manufacturers to cease to produce tobacco in a way that facilitates smuggling.

It is rather surprising to come to terms with the fact that major international companies—major plcs—would do something that they know, or suspect, has the effect of facilitating smuggling. In a previous Parliament I was a member of the Health Committee, which, for obvious reasons, undertook a major inquiry into tobacco products. One of the outstanding things to emerge from that inquiry was the connection between tobacco production, marketing and the moving around of tobacco products. That facilitated smuggling. I would like to think that the Bill is dealing with that issue.

On the back of the Health Committee report in 1999, the DTI started an investigation into several major UK and other national tobacco manufacturers, known as "big tobacco". I welcome clause 2. It is estimated that if the anti-avoidance scheme comes into operation it will prevent big tobacco from making between £33 million and £55 million a year by unjust enrichment, and by not complying with duties.

I shall briefly mention clause 13. I welcome my right hon. Friend the Chancellor of the Exchequer making vehicle excise duty a green issue, so the gas guzzlers pay, to encourage the use of smaller cars.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): I offer my humble apologies for not being in the Chamber earlier to listen to a fascinating debate; I was detained elsewhere. I would like to take up the point about unjust enrichment and the tobacco companies making profits, on which no duty is paid. Does my hon. Friend agree that the situation is perverse, in that people become ill through the use of tobacco products and then use the national health service, which illegally imported tobacco deprives of funding? Therefore, there is a double whammy in terms of people suffering and having to use the NHS when there is not the money to support their treatment.

Stephen Hesford: I agree. My hon. Friend makes the point and the House has heard it: there is that unholy link between evasion and cost. There is a willingness to deal with a product that inflicts costs on society, but not a willingness to pay the associated dues.

The Finance Bill is complex, and deals with what might be considered arcane issues. Clause 17 deals with value added tax on buildings and land. Such small measures are precisely the sort of provisions set out in what has been criticised as an over-lengthy Bill—but they are measures to which the Chancellor should be directing his attention. I understand that clause 17, in a small way, rests in the category of business-friendly deregulation. It defines the law governing VAT on certain land transactions, making a complex area more business-friendly and more easily understood. I understand that the business community has gone out of its way to welcome the clause; I too welcome it.

I do not agree that this is an over-lengthy Bill. It is clear to me that there are many measures within it worthy of mention; I will not detain the House by detailing them all, but I shall pick out three or four, and I am sure that other hon. Members could pick out other provisions at their leisure. For example, clause 19 is an anti-VAT fraud measure. Missing trader intra-community fraud is, I understand, a significant VAT avoidance fraud. It is highly sophisticated, and a well-

organised criminal attack on VAT. The clause seeks to remove that criminal activity. I welcome that, and support the provision.

Clause 25 comes under my heading of business-friendly deregulation. It simplifies corporation tax for small businesses without, as I understand it, placing any additional burden on small businesses to access that element of deregulation.

Clause 28 is also a business-friendly tax measure. It is designed to reduce tax on research and development costs. It will reduce the tax element on R and D in a particular industry that has significance in the area that I represent—the pharmaceutical industry, which is one of our major manufacturing industries. It remains in the UK because of the climate that my right hon. Friend the Paymaster General and others have gone out of their way to create and facilitate. The clause is an additional small measure that helps a business-friendly climate for the pharmaceutical industry to continue.

There is clearly a benefit for our constituents. They may not understand what large companies do or even know their identity, but such companies have a beneficial effect for every constituent who is represented in this place. I am talking about new cancer drugs coming on stream. Some such drugs are being developed in Liverpool, just across the water from my constituency. A number of my constituents work in the pharmaceutical industry, and they do a very good job in producing those new products.

I ask, rhetorically, why clause 28 has not been presented to the House before. It is about tax relief for costs incurred by pharmaceutical companies in recruiting volunteers for trials. That seems to be an eminently suitable measure, which will encourage research and development.

Chapter 3, which consists of clauses 31 to 53, deals, as other hon. Members have said, with film financing. The Opposition have a different view about how the provisions will work and why they have been included, but they rewrite the relevant taxation so that it is business-friendly for the film industry. I certainly support the Chancellor's aim of encouraging a vibrant British film industry; small-scale independent companies that air their films on Channel 4 will benefit, as will large- budget films.

Clause 62 is a social measure that falls within the four parameters that I set at the beginning of my speech.

Rob Marris: I see the point.

Stephen Hesford: My hon. Friend is anticipating me by referring to the fact that that small provision exempts from taxation facilities provided by companies that offer eye tests for people who work with visual display units. That is an eminently sensible social measure.

Finally, clause 172 deals with the climate change levy, about which many right hon. and hon. Members have spoken in detail. I welcome the fact that the Chancellor has included an uprating in the Bill, which makes the climate change levy more effective, keeping pace with the cost of fuel and so on. However, two political points need to be made. First, as was said in the Budget debate, Opposition Members do not support the levy, which is surprising. As I said at the outset, we need to identify the issues on which we can all agree. Opposition Members do not agree with the levy on principle, and they do not agree with the uprating.

David Taylor (North-West Leicestershire) (Lab/Co-op): The building materials industry in my constituency does not oppose the principle of the climate change levy, but it is concerned about the fact that it continues to be ratcheted up. It believes that a climate change agreement with more substantial penalties for breaches would be more effective, both fiscally and economically.

Stephen Hesford: My right hon. Friend the Paymaster General has heard my hon. Friend's suggestion, so I am sure that she will take it into account.

There is a second, equally sharp divide between the Government and the Opposition. My right hon. Friend the Chancellor of the Exchequer introduced the climate change levy in 2000. It is not something that he thought up in the summer as part of a leadership election campaign. It is not something that he thought up after the manifesto for the 2005 election was written, only to reject it because he thought he had to appeal to a different audience. In contrast to the Leader of the Opposition, he embraced such policies at the beginning of the century by introducing a measure that, year on year, has helped us to meet the Kyoto targets. If the Opposition abolished the climate change levy I do not know how they would make good the deficiency. They criticise us for not making progress on climate change, but I have yet to hear how they would do so. The levy is an extremely effective measure that is responsible for removing 28 tonnes of CO_2 emissions a year, so I am delighted that it is uprated in the Bill.

Record numbers of my constituents are in work, and their wages are higher than they were when we came to power. More of my constituents own their own homes than was the case in 1997. The Bill introduces green and social measures, as well as fiscal responsibility, fair taxation and business-friendly measures. My constituents will benefit from it, as they have done in previous years from previous Finance Bills.

7.56 pm

Peter Viggers (Gosport) (Con): I am grateful for the opportunity to contribute to our debate. It has gradually become apparent to me in the past hour or two that, amazingly, a Government with a large majority do not have Members who wish to speak up for the Bill in the House of Commons. I am aware of the parliamentary in-joke that the best way of keeping a secret is to make a speech on the subject in the Chamber between 7 and 9 pm, but it is surprising that the Government do not have Members who are anxious to support them. Personally, I am not surprised, because this is a nasty little Budget implemented by a huge, horrid Finance Bill of 475 pages. That does not include the explanatory notes, which comprise about 600 pages.

That represents a continuation of Government practice. They are good at spending taxpayers' money, but not so good at recognising the need to encourage and stimulate efforts to create wealth in our community. I am not surprised that the hon. Member for Wirral, West (Stephen Hesford) was concerned about productivity in the public sector. We can measure

[Peter Viggers]

productivity in the private sector and we are concerned about it. Given all the money that is spent on the public sector—millions of pounds have gone in—and given that there is reorganisation after reorganisation, with hundreds of skilled workers being laid off and national health service waiting lists increasing, Government Members had to fight hard to say that public sector productivity is good. However, we can measure what goes in and we can see what comes out or what is achieved, so we know that that is not the case.

Overall, the world is doing very well, with dramatic growth, but our comparative position is less good. Globalisation is of massive benefit worldwide, and allows low-wage economies to manufacture, produce and distribute goods cheaply, so that they and their markets benefit. Transport improvements and low agricultural costs provide worldwide easy access to food markets, so that good, cheap food can be readily distributed. The availability of tourism leads to the sharing of benefits and access to capital markets means that London has benefited enormously as the leading market in many financial operations, including foreign exchange. It is therefore not surprising that the International Monetary Fund global growth forecast has just been upgraded from 4.3 per cent to 4.9 per cent. next year. This year, growth is 4.8 per cent., and last year it was 5.3 per cent. Internationally, the signs are extremely good.

David Taylor: The hon. Gentleman is describing globalisation as an unalloyed good, in a way, but does he accept that it is grinding into poverty many countries in the least well-off quintile of countries on the globe in the absence of fair trade, rather than the free trade that often exists? Does he accept that there are constraints and caveats in respect of what he has said about globalisation?

Peter Viggers: It is interesting that the hon. Gentleman referred to less-developed countries. China's growth has been 9.5 per cent. in the past year and India's growth has been 7.3 per cent., while sub-Saharan Africa has had two years of growth rates above 5 per cent. This year, the growth rate in sub-Saharan Africa is 6 per cent., which is the best for 30 years. It is possible for growth to be shared and spread.

I take the point that there are many countries whose populations have not benefited immediately from globalisation, but I maintain that one of the main reasons they have not shared in the benefits is that their Governments are corrupt and fail to allow the benefits to be shared. I do not believe that protectionism is the answer. I believe in fair trade and the growth of trade, and I urge that more effort be devoted to ensuring that the benefits are shared well among the populations in less-developed countries. That means bringing pressure to bear on their Governments, many of whom are seriously corrupt and remove prosperity from those countries.

Compared with that worldwide prosperity, what is our position—the position about which the Chancellor of the Exchequer preens himself so much, with glutinous self-satisfaction? Last year, our growth rate was 1.8 per cent., and this year may be as much as 2.5 per cent., but there are some bad signs around. Unemployment is up by a quarter percentage point to about 5 per cent., and business investment, which is a key number,

"has been very weak in the last year or two and weaker than we had expected and weaker than we find it entirely easy to explain".

That is a quotation from the Governor of the Bank of England, speaking, I think, to the Treasury Select Committee. Business investment has not been good. The situation in this country is not as good as in much of the rest of the world, because the Chancellor of the Exchequer and the Government fail to realise the key importance of the private sector and the growth-making part of the economy.

Has the Chancellor done everything wrong? Of course not. He has done four things right. First, he set up the Monetary Policy Committee to set interest rates, and it has been very successful in holding down interest rates in this country. Secondly, he has not joined the euro. Increasingly, the inflexibility of the euro has been unhelpful to its members. For example, Italy's unit labour costs have risen by 20 per cent. relative to those of Germany, while its exporters are more vulnerable to low-cost producers. Last week, the Lex column of the *Financial Times* said:

"Italy's departure from the European Monetary Union has a very low probability",

but it went on to talk about what would happen if Italy were to come out of the European monetary union. The collapse of the euro cannot be utterly and completely ruled out.

The third thing that the Chancellor has got right is following for his first few years the public spending plans of the former Chancellor of the Exchequer, my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke). Fourthly, the Chancellor promised independence for the Office for National Statistics, which I think would be very beneficial. I have myself seen from within the Treasury the way in which statistics can be used selectively by many people, including the Treasury.

What has the Chancellor got wrong? Here, there is a much longer list. The first thing that he has got seriously wrong is a high level of taxation. If we look at the European model of taxation and its lack of growth, and at the social costs of employment in much of Europe, we can see that that economy has failed to grow because it has not had the flexibility and freedom of much of the rest of the world. Taxes and red tape are the things for which this Chancellor of the Exchequer will be remembered. The tax to GDP ratio is forecast to stabilise at about 38.7 per cent. from 2007 onwards. That is quite high. The Treasury Committee was told in evidence that in 1997 the UK would have been about

"a third of the way up a table comparing tax across the industrialised nations",

and now we are approaching halfway, so we are over-taxed.

That is unhelpful, but perhaps even more damaging than over-taxation is insidious Government intrusion through micro-management and means-testing. A very great deal of the Bill is micro-management and the piling of detail upon detail. No wonder there is incompetence in the national health service, for example, when

reorganisation follows reorganisation. Scarcely is one structure in place before it is reorganised again. I maintain that Government intrusion is, if anything, even more damaging than high levels of taxation.

That follows when a Government have very little experience or understanding of business or management. I drove the Financial Secretary to distraction during the Budget debate, when he screamed at me that I was criticising charity workers. I am not criticising any part of our community—teachers, charity workers, people who care for the elderly, Members of Parliament or members of the armed forces—when I say that the fact is that they do not add to national growth. What the Government should do, but do not do, is recognise the unique contribution made by those who contribute to national growth.

The third major blunder made by the Chancellor—he was told at the time, but ignored it and carried on—was to sell gold. He sold 395 metric tonnes to raise $3.5 billion, and the current value of the gold that was sold is $7.9 billion—a loss of $4.4 billion. He was told at the time that it was a bad mistake by many people, including me, but he did it anyway.

The fourth blunder is in pensions. Some people lay all the responsibility with the Chancellor of the Exchequer, but I do not think that that is fair. The main fault in pensions is longevity, on which the actuarial profession was asleep on watch and failed to realise that it was using outdated models and that pension funds would not match their requirements. The second reason for failure in pensions is stock exchange weakness. Thirdly, there were changes in pension funding and accountancy requirements, and in long-term bond interest rates. Fourthly, it was of course the Chancellor of the Exchequer who, instead of seeing that the pensions industry was facing a major problem, came blundering in with the £3 billion a year net impost on pension funds from 1997 onwards. He has caused what must be described as a pension crisis.

The fifth area in which the Chancellor of the Exchequer has got it wrong and there is a mistake in the Bill is environmental taxes, which have fallen as a proportion of overall tax in every year since 1999 except 2002. In 1999, environmental taxes amounted to 9.8 per cent., while in 2004 they amounted to 8.3 per cent. Tax receipts from air passenger duty have fallen from £931 million to £856 million, while chargeable passenger miles have increased by 35 per cent., at a time when greenhouse gas emissions have increased by 10 per cent. That is another mistake.

My final point is about trusts. What on earth has the Chancellor been playing at? There was a brief reference in the Budget, but when we get to the Finance Bill, we see clause 157, as implemented by schedule 20, which is 18 pages long. The Chancellor says that he is seeking to prevent tax avoidance in accumulation and maintenance trusts, and in interest in possession trusts. He said that that is a tiny proportion of the top 1 per cent. and that it is expected to raise £15 million a year. In trying to reassure people on that point, a Treasury official stated:

"no one who wrote a life insurance policy into trust before Budget Day will have to pay an inheritance tax charge."

There is massive uncertainty as to how many trusts will be involved.

Many years ago, I was a solicitor. I am still a solicitor by qualification and still on the solicitors' roll, although I would not dare to conduct a legal action because I am rusty. When I wrote wills, with the exception of the occasional kindly, elderly person who wanted to make a special gift to a home of some kind, every single one included a trust. The standard procedure is that one leaves one's money to one's wife, husband or partner, or, failing that, to one's children. If one is predeceased by one's children, then the money is distributed per stirpes, and the child who has been left an orphan shares a proportion of the benefit of the money left, which means that a trust is invented. In almost every case, the testator, on advice, wants to leave the money to the young person so that it is inherited at 25, not 18.

When the Chief Secretary discussed his vision of when adulthood starts, he pointed out that people can serve their Queen when they are 18. I know, because I have been there and done that, but the fact is that there is a big difference between succeeding to funds at 18 and succeeding to funds at 25. For instance, if one examines insurance rates for motor vehicles, the insurance rate for under-25s is much higher than other rates, because insurance companies know that younger people live a different kind of lifestyle and that, when they reach the age of 25, they tend to mature and adopt a rather more mature lifestyle.

The Government are wrong to say that inheritance must take place at 18, because the law will mean that the only way in which to avoid taxation is to allow beneficiaries to take control at the age of 18. I see that as a malicious attempt to prevent inheritance which will ensure that inheritance will be squandered. In my experience—this point does not apply to my family, because we do not have that kind of money—more young lives are damaged, sometimes irreparably, by the receipt of money at the age of 18 than they are when money is received later in life. Far more young people go wrong because of too much money rather than not enough money.

Dawn Primarolo: As the hon. Gentleman said, one can serve one's country in the armed forces at the age of 18, when one can also get married, start a business and vote. Insurance policies are but one example of what people can inherit, and many people who are younger than 25 inherit outside a trust. Will he adduce examples and evidence on those who inherit at 18, 19, 20, 21, 22, 23, 24 or 25, which, I believe, is the age of the hon. Member for Falmouth and Camborne (Julia Goldsworthy)? Is he suggesting that 25 is an inappropriate age, and where is the evidence suggesting otherwise?

Peter Viggers: The argument is subjective—I believe one thing and the right hon. Lady believes something else—but I know from my experience that 18 is too young an age at which to inherit and that 25 is a more mature age. When I was in private practice, I used to discuss those issues. The point about insurance premiums on vehicles is important, because it is a clear and objective statement by insurance companies that they regard hazards to younger people as being much greater than those faced by others.

Mr. Gauke: Why should it not be for the parent or grandparent to decide the age rather than for the Government? It is not the Government's decision to make.

Peter Viggers: My hon. Friend has wide experience in such matters, and he has made an effective point for which I am grateful.

Although the Paymaster General has sought to clarify the rules proposed in the Finance Bill, I put it to her that they are currently unclear. The Treasury may think that the rules are clear, but the profession—those who write insurance policies and those who write wills and trusts—does not know exactly what to expect. Much more clarification is required before the Standing Committee reaches clause 157 and schedule 20. The Treasury Committee has also made that point, and, regardless of what else they do, I hope that the Government accept it. The Government say that the measure will provide £15 million a year, but by my understanding every will must be rewritten, so it is essential that the matter is clarified.

In conclusion, this is a nasty little Budget that will be implemented by a horrid, huge Finance Bill.

8.16 pm

Dr. Richard Taylor (Wyre Forest) (Ind): About two hours ago, I was despairing at ever being called to speak in this debate. In the 61st minute of the contribution by the hon. Member for Wolverhampton, South-West (Rob Marris), I finally heard something that I agree with—he said that the Finance Bill is not perfect.

Like other hon. Members, I welcome some aspects of the Bill, such as the increase in tobacco duty, the measures to address tobacco smuggling, the clampdown on intra-community fraud, the independence of the Office for National Statistics and, as long as they are as fair to our industries as they are to industries on the continent, the measures to control emissions. However, I bemoan the complexity of the Bill, which will make me vote against Second Reading because I am not that confident that the Standing Committee will make it, in the word of the hon. Member for Wolverhampton, South-West, "perfect".

Dawn Primarolo: I invite the hon. Gentleman to join the Committee, in which case he could try to keep us in order and see that we properly scrutinise the Bill.

Dr. Taylor: I am grateful to the right hon. Lady for that offer, which I shall consider, but I suspect that my name will need to be put forward by someone else.

I am delighted that hon. Members on both sides of the House have mentioned the national health service, because I was wondering how I could drag the NHS into this debate. The hon. Member for Newcastle upon Tyne, North (Mr. Henderson) has mentioned more investment in medical technology. For example, there is a complete lack of proton beam therapy for spinal tumours in this country, and we are still sending people to Boston in the States, to Paris and to Switzerland.

The right hon. Member for Wokingham (Mr. Redwood) mentioned NHS deficits, and an example was mentioned to me today. As a consequence of NHS deficits and the mismanagement of Herceptin, a cancer network in the midlands has had to freeze the use of one of its four linear accelerators for the treatment of cancer to reserve money for Herceptin.

I am going to speak mostly about clause 157 and schedule 20. I am not as fortunate as the right hon. Member for North-West Hampshire (Sir George Young), in that I have to declare an interest because I am sure that a trust that I have set up is caught by the Bill.

I do not regard myself as one of the super-rich—I am an inhabitant of middle England in every sense of the term—yet I believe that I am caught by this provision. Those of us who saw the list of the 1,000 super-rich in *The Sunday Times* yesterday and were appalled that such a high proportion of them made their money in the gambling industry have no objection to such people being caught for extra taxation.

An accountant who is a constituent of mine wrote to me on behalf of a large number of clients of his firm, many of whom are also my constituents. Many hon. Members made his point very well, but I will quote him because he puts it so succinctly:

> "These proposals will force my clients either to rearrange the perfectly legitimate steps they have taken to safeguard their children's futures (with all the costs that this will entail), or, they will be forced to distribute trust funds to their children at 18—providing them with access to significant funds at an early age."

I agree with the hon. Member for South-West Hertfordshire (Mr. Gauke), who intervened on the hon. Member for Gosport (Peter Viggers) to say that this is a family decision and that parents and grandparents should know at what age they think that their children and grandchildren can take on this large responsibility.

I wrote to my constituent for details, and he told me that 35,000 clients of this particular group are likely to be caught by the provision. When I asked whether they were the sort of people who are the middle rich from middle England, he said:

> "Such a client might typically own a house worth say £400,000 and have other assets amounting to a further £400,000—hardly in the category of the super rich but nevertheless faced with a significant potential IHT liability. His/her income upon retirement is likely to be modest compared with income whilst in work."

He went on:

> "My point is that the creation of trusts of this nature is sensible and legitimate tax planning and not primarily tax avoidance and is carried out by a large section of the population who have prudently saved throughout their lifetime as surely they should be encouraged to do."

It is the retrospective nature of this threatened legislation that makes it so extraordinarily difficult. Julie Morrison of Ernst and Young writes:

> "The Chancellor has spoken of alleviating the inheritance tax burden for middle-income families yet is penalising those who thought they had a secured a future for their family. The measure is retrospective for many trusts, laying to waste . . . carefully laid plans".

Dawn Primarolo: I am listening carefully to the hon. Gentleman's argument. He seems to be saying that those who made plans not to pay inheritance tax as the rules require should be allowed not to pay that tax, whereas the vast majority of people pay it if they are liable, although only about 6 per cent. of estates pay it over the threshold of £285,000. I do not know how many of his

constituents have assets of £800,000—the figure that he quoted—but why does he think that that amount should be sheltered from inheritance tax?

Dr. Taylor: I intend to explain why and where these people should be taxed. I object to the fact that the retrospective nature of the provision means that people have not taken it into account.

Dawn Primarolo: As the hon. Gentleman will know, inheritance tax is paid only on death, so the idea that it is retrospective—that we are going back to people who have already died—is clearly preposterous. The Bill is clear in terms of the protection that it offers. I put it to him again: why does he believe that £800,000 or more should be sheltered from inheritance tax?

Dr. Taylor: I do not think that the Minister quite understands what I mean by retrospective—perhaps I put it badly. One needs to be able to change something that one has done in the knowledge that the rules were in a certain form. The fact that having to do that now will cost a great deal of money—a great deal more than will be raised—makes it undesirable, to say the least.

Mr. Flello: When, in my dim and shady past, I was a tax adviser, it was commonplace for the legal profession, with whom we worked, to say that clients should review their wills every couple of years anyway and rewrite them if necessary, which is what happened regularly. Does the hon. Gentleman recognise that scenario?

Dr. Taylor: Yes, people do keep their wills up to date, and this will force them to do so.

I am an avid supporter of a tax-funded NHS. I am not altogether surprised by the Chancellor's lack of mention of the NHS in the Budget, because having put so much extra money into the NHS, there is a tacit admission that the deficits are in large part due to mismanagement by the Department of Health. If it was my decision, I would abolish some of the charges in the NHS.

Mr. Flello: Today, the Audit Commission issued a public interest report saying that in my part of the country, the mismanagement was very much a local issue and nothing to do with the Department of Health.

Dr. Taylor: There was probably local mismanagement in some areas, but the larger problem arises centrally as a result of the top-down reforms and changes that have been repeatedly inflicted on the NHS and, in many cases, not costed accurately.

I was about to revert to the Paymaster General's point and outline some ways in which the middle rich should pay more. It is ridiculous that they receive the winter payments, which they do not need. Postmen know exactly what is in the mail that they deliver and my postman made wry comments that made it clear that he did not believe that I deserved my winter payments. It is ridiculous for the super-rich and the middle rich to receive free prescriptions for which they could pay. In the public meetings during the Health Committee inquiry, it was clearly told that the only way effectively to replace the money that would be lost through banning prescription charges was increased taxation. Increasing income tax would be the only genuinely fair method.

I should like to take hon. Members a little way back in history. Political historians and some people of my age will remember Stafford Cripps, Clement Attlee's extreme left Chancellor of 1947–50. They may remember that, when he was ambassador to Russia, Churchill wrote to Stalin of him:

"His chest is a cage in which two squirrels are at war, his conscience and his career".

I wonder whether there are squirrels at war in our current Chancellor. I shall not guess about that because it may be unparliamentary. However, when Stafford Cripps rejoined the Labour party and was appointed Chancellor, he instituted a capital levy, which hit the super-rich. I do not suggest that we should return to that, but perhaps it would be more acceptable than the back-door, backdated proposal, which may hit surviving spouses or partners with a triple whammy of unexpected tax unless their spouse or partner is among those who are aware and can make the changes.

If an unacceptable loophole for the middle rich is perceived, by all means close it. However, I plead with the Government not to make such action retrospective. I join other hon. Members in appealing for an increase in the threshold for inheritance tax commensurate with the rise in house values.

8.31 pm

Jeremy Wright (Rugby and Kenilworth) (Con): I want to start by accepting the invitation of the hon. Member for Wirral, West (Stephen Hesford) and by being as positive as I can, at least at the outset of my hopefully brief contribution. I shall consider aspects of the Bill that I welcome and believe to be positive.

The Government have shown their intent to penalise, through vehicle excise duty, vehicles that are the most heavily polluting—a worthwhile aim. It is also worth while to pursue a 0 per cent. rate for the least polluting vehicles. It would be an even more generous offer if any such vehicles were available but, none the less, I commend the intent.

Like the hon. Member for Wirral, West, I welcome the news that the Government intend to tackle the serious and growing problem of intra-EU missing trader frauds. I approach the matter from a former legal perspective, and I have seen first hand the way in which those frauds have grown. It is important that the Government take action to make such fraud less attractive and feasible. I am glad that they are attempting to do that.

I also welcome the Government's attempts to support research and development, which is so important. I accept that the tax relief offered to those who conduct such activity is welcome. However, tax relief on research and development and aspects thereof is valuable only if the financial benefit that can be gained is not outweighed by the administrative effort necessary to obtain it. Ministers know that a great deal of time is already lost, and that there is already huge pressure on those who conduct research and development to complete all the administration involved. Not only are domestic rules to blame. For example, the European clinical trials

[Jeremy Wright]

directive must accept much of the blame. However, the Government can do more, not only by offering greater, but— crucially—simpler tax relief.

What is true for research and development also applies more generally and I revert to the theme that many hon. Members have raised. The tax system that the Chancellor created is buckling under the weight of its refinements. The system's complexity goes beyond simply causing inconvenience. It now risks damaging the welfare of not only our businesses but the most vulnerable in our society. Businesses, especially small businesses, in my constituency—and, I suspect, those of many other hon. Members—spend far too much of their time trying to calculate their financial obligation to the state. That time could be spent much more profitably on generating wealth and employment which would go towards the sustenance of the state in any case.

I am glad to see the Paymaster General in her place this evening, because she is the Minister responsible for the Government's efforts to assist the most vulnerable people in the tax system through tax credits. I cannot be the only Member of the House whose postbag is full of complaints from those who have been overpaid, underpaid or in some other way wrongly paid through the tax credit system—indeed, I know that I am not; I recall the hon. Member for Falmouth and Camborne (Julia Goldsworthy) saying that she had a similar problem. The problem is that the mistakes that the system has made cannot be corrected, sometimes for months or even longer, because even those employed by the Government to run the system cannot find their way through the maze of rules and regulations that the Government have created. The difficulty experienced by my constituents is that the complexity of the system is not helping those who most need its help.

Ms Sally Keeble (Northampton, North) (Lab): Does the hon. Gentleman not recognise that the tax credit system has taken millions of children out of poverty and made it possible for many women to go back to work? Will he not also acknowledge that the Chancellor's Budget proposals will take away some of the difficulties that the system has encountered?

Jeremy Wright: I recognise the Government's intent in establishing the tax credit system. However, I am afraid that the Chancellor cannot resist the inclination to add layer upon layer of complexity to everything that he does. That is why the Government's very worthwhile intent—I entirely accept the hon. Lady's point on that—is being consistently undermined by what they are actually engaged in doing.

I shall give the hon. Lady an example. I have a constituent who has contacted me a number of times. She is being repeatedly overpaid by the tax credit system, and she has repeatedly contacted the tax credit offices to tell them that that is happening. Their response is to say, "We know you're being overpaid repeatedly, but we can't fix the system so that you will stop being overpaid repeatedly." That ridiculous state of affairs, of which the Government should be thoroughly ashamed, has been brought about by an over-complex system. My constituents would have been delighted to see a simplification of the tax regime in the Finance Bill. Instead, however, it is once again being made more complicated.

But the situation is even worse than that. Despite the Bill's 475 pages, 181 clauses and 25 schedules, certain measures are still missing from it, including any genuine attempt to assist first-time buyers. I am sorry to have to tell the Government that an increase in the stamp duty threshold from £120,000 to £125,000 will do precisely nothing to bring the dream of home ownership any nearer for those I represent in Rugby and Kenilworth.

There is no mention in the Bill of what the Government are going to do about NHS deficits, or about restoring incentives to save for one's retirement, which is a huge problem entirely of the Government's own making, as my hon. Friend the Member for Gosport (Peter Viggers) has already made clear. Nor is there any mention of an extra £200 to assist pensioners, as I pointed out earlier in an intervention on the Chief Secretary. Pensioners' need for Government support has not changed; in fact, it has grown in relation to assistance with paying their council tax. All that has happened is that the Government's need for pensioners' support has changed this year, compared with last year, and the Government have quite cynically removed that assistance from them. There has been no credible explanation for that decision.

I agree wholeheartedly with the hon. Member for Falmouth and Camborne that the Budget presented an opportunity to assist first-time buyers, pensioners and even the NHS. It was certainly an opportunity to make the tax system and the tax benefits system simpler, and thereby more effective. In every respect, however, it was an opportunity missed.

8.39 pm

Stewart Hosie (Dundee, East) (SNP): We have heard again about the Bill's length, which, at 475 pages, is no doubt to give the impression of action on tax and the economy. Many of its clauses, however, do nothing of the sort. Many clauses tinker round the edges of issues rather than addressing them fundamentally, others are simply damaging and unnecessary, and at least one is at odds with what the Chancellor said only a few short months ago and shows confusion in the heart of the Treasury.

I will deal first with clauses 6 and 7 on hydrocarbon oil duty. For the consumer, in the real world, fuel prices are rising inexorably. In parts of Scotland, a litre of diesel or unleaded has now crashed through the £1 barrier. Surely that was the time to introduce a sensible fuel price regulatory system, which would be sufficiently sensitive to moderate fuel prices at the pump at times of high world oil prices, rather than simply to increase oil duties as normal, notwithstanding that the rises will not come into effect until September.

Along with the expected and unfettered rise in fuel duty, car owners will be affected by the changes in clause 13 to vehicle excise duty. The Scottish National party broadly welcomes changes that make vehicles with heavy CO_2 emissions more expensive to run, particularly if they offer a real disincentive to unnecessary use of such

vehicles. At the top end of the scale, however, there is almost no disincentive whatever. The other side of the argument is that the Treasury must surely recognise and understand the massive difference between a working four-wheel-drive vehicle taking animal feed up a snowy field in late spring to early lambs and a "Chelsea tractor" sitting outside a posh flat in Kensington. I hope that the Government will at some point accept an amendment that will force them at least to report on the Bill's impact on working vehicles, whether four-wheel drives on hill farms or Land Rovers or other four-wheel-drive vehicles used, for example, in mountain rescue.

Clause 26 removes the small companies relief. Corporation tax was charged at 0 per cent. up to £10,000. At £10,000, there is marginal relief at 19 400ths up to £50,000 at which the business rate of 19 per cent. applies. The small business rate applies up to £300,000, with marginal relief up to £1.5 million, calculated at 11 400ths. Clause 26 abolishes the starting rate. The policy is described on page 190 of the Red Book as "tackling tax motivated incorporation", and will cost £50 million this year but produce revenue for the Government of £390 million in 2007–08 and £530 million the year after. It might be a positive disincentive to incorporation—the reason why the 0 per cent. rate was introduced in the first place—but I suspect that it will also feel like a disincentive to start and incorporate any business taken alongside the additional burdens of the higher business rate in Scotland and, for many small businesses, rocketing fuel costs.

Clause 30, however, on first-year allowances for small enterprises, appears to assist and provide an incentive for small companies. It was first announced in the pre-Budget report in 2005, and increases the rate from 40 per cent. to 50 per cent. for one year from April 2006. In December, the Chancellor estimated that 4.2 million businesses would benefit. However, the Red Book shows the estimated cost to be nothing for this year and £60 million for 2007–08, with a yield of £15 million in 2008–9. For 2007–08, if there is a cost of £60 million, and assistance to the value of £60 million, the average benefit to the 4.2 million businesses would be £14.28. I wonder what might be the cost of a small business's accountant achieving additional relief of some £14.

Clause 61 has been mentioned by many Members, and is described in the lobby briefing as repealing

"the exemption for computer equipment made available to employees for private use".

That brief sentence masks the report on the BBC on 26 March suggesting that some 2,000 people could lose their jobs after the Government pulled the plug on the scheme. Perhaps Labour thinks that 2,000 lost jobs are a price worth paying for the £300 million that the Chancellor will claw back over the next three years.

Talking of clawing back money, North sea oil has been a honeypot for the Government. Clause 149, entitled "Attribution of blended crude oil," will take another £200 million out of the North sea over the next three years. That is an extraordinary move, following the £2 billion tax take announced in the pre-Budget report—extraordinary because on 30 March, a week after the Budget, the Paymaster General told me in a written answer that in the pre-Budget report of 2005 the Chancellor had announced a package of measures for the North sea and that

"As part of this announcement the Chancellor committed to no further increases in North sea taxation for the lifetime of this parliament."

Dawn Primarolo: Will the hon. Gentleman give way?

Stewart Hosie: I will happily give way.

Dawn Primarolo: I think that the hon. Gentleman is confusing two issues. I should be happy to write to him in more detail, but the commitment to which he refers relates to the level of taxation. Clause 149 is a protection measure, relating to money that should be collected but will not be unless we prevent the operation of a particular mechanism. The answer that I gave the hon. Gentleman holds true. I have been absolutely direct with the House and with him. This is a protection measure of the kind that we constantly introduce in all parts of the tax system to ensure that we collect money for which the House has legislated.

Stewart Hosie: I hear what the Paymaster General says. I am certain that she is saying it with a straight face, and believes what she is saying. However, as I said earlier, she told me that

"the Chancellor committed to no further increases in North sea taxation for the lifetime of this parliament." —[*Official Report*, 30 March 2006; Vol. 444, c. 1112W.]

I am sorry, but I believe that changes in the blended oil regime for North sea oil made a week before I received that answer represent a change in the oil taxation regime.

Dawn Primarolo: I realise that the hon. Gentleman may have misunderstood what was said to him, but I object in the strongest possible terms to the implication that the answer that he received from me was not correct. It was. It is not my fault that the hon. Gentleman does not understand all the details in the clause, and I will definitely write to him at length explaining them.

Stewart Hosie: I understand why the Paymaster General is being so defensive. I may have inferred something slightly different from what she meant. According to the standard English that I was taught at school, however, a change in the blended oil regime means a change in North sea taxation. I suspect that we shall have to agree to differ.

This Finance Bill follows the Chancellor's 10th Budget, and like others it has failed to rise to the challenges facing not just the United Kingdom economy in general but the Scottish economy specifically. I say that not least because we have experienced three full quarters of falling manufacturing growth. That recession in Scottish manufacturing—the loss of 100,000 Scottish manufacturing jobs—and the loss of 1 million manufacturing jobs in the UK have not been addressed to any significant degree in the Budget, or in the Bill. There has not been a single measure designed to give Scotland a much-needed competitive edge, and indeed the tax proposals will leave thousands of small Scottish businesses worse off.

[Stewart Hosie]

In the small print of the Bill are an additional £33 million in taxes on the profits of Scotland's small and medium-sized businesses, which leave them lagging further behind competitors elsewhere in Europe. The modest changes in research and development provision, although welcome, do nothing to reverse a fundamental imbalance. While the UK spends some 1.1 per cent. of gross domestic product on R and D, the figure in Scotland is half that. Given that our major competitors spend more than 2.5 per cent., our position is terrible.

The Bill was designed to bail out the Chancellor once again. It contains new laws to put into effect the £2 billion raid on the North sea that was announced in the pre-Budget report and an additional £200 million through the change in the blended oil regime, and it will leave future jobs, new exploration and new development in the North sea sector hanging in the balance.

Let me make a final point about fuel. The high cost of fuel that is being paid by our businesses is forcing companies in my constituency to add surcharges of 25, 26 and 27 per cent. on goods as they leave the factory gate. People in my constituency on low and modest wages are paying gas and electricity increases many times the official rate of inflation. In short, when it comes to fuel, the Chancellor has grabbed more money from the North sea. The Government have made some attempt to deal with climate change through the change in vehicle excise duty, but they are doing absolutely nothing to defend business by moderating the cost of energy, and doing nothing to assist those on low and modest wages through the—

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I thank the hon. Gentleman for giving way and I declare my interest in North sea oil and gas, as listed in the Register of Members' Interests. On the Chancellor and the high cost of energy, only last weekend he was lecturing other countries on the need to increase production to tackle the world's energy problems. What kind of example is he setting, however, through the long-term investment signals that he is sending to, and the way in which he is treating, his home base?

Stewart Hosie: There was a real irony in the Chancellor calling on the world to increase gas and oil supplies, particularly given that the measures announced last year and in this Finance Bill put at great risk not only the taking of heavy oil from the central North sea and the development of the known fields west of Shetland, but future exploration in the very deep waters west of Scotland. In short, when it comes to oil and energy, this is a bad Bill and yet another missed opportunity.

8.51 pm

Mr. David Gauke (South-West Hertfordshire) (Con): I want to discuss the Bill's reforms to group relief—a subject that has not been touched on today. Even the hon. Members for Wolverhampton, South-West (Rob Marris) and for Wirral, West (Stephen Hesford) failed to address it, which is somewhat remiss of them. I suspect that it has not been mentioned because it is highly technical and complex. Schedule 1, which contains the amendments to group relief, consists of 14 pages and is highly complex.

However, the substance of the changes to group relief are not particularly controversial, so far as one can see, and it is less important to highlight what they are than it is to highlight why we are making them. The simple explanation for the changes is the judgment of the European Court of Justice in the case brought by Marks & Spencer, in which it was determined that UK group relief provisions for corporation tax purposes were in breach of European law. It is worth focusing on that case for a moment. Traditionally, UK group relief rules allow profits and losses made by UK resident subsidiaries in the same group to be offset against each other, so that the tax result mirrors the group's overall results. Until now, the rules have not allowed losses made by overseas subsidiaries to be offset against UK profits.

Let us continue with the M&S example. If it establishes a UK subsidiary that makes a loss, the loss can be offset against another UK subsidiary that is making a profit. However, losses incurred by a French subsidiary would not be available to offset against profits made by the UK subsidiary. M&S claimed that the UK group relief rules, by restricting the ability to offset profits and losses to UK residents alone, are contrary to the freedom of establishment principle under EU law. In other words, the UK tax system should provide tax relief for failed overseas business ventures.

The ECJ determined in favour of the taxpayer—M&S—subject to one very important proviso: that any cross-border loss relief be guaranteed to the taxpayer only where it can be proved that there was no possibility of making use of the losses in the jurisdiction in which they were incurred. I make no criticism of M&S for bringing that case. It has a duty to its shareholders to minimise its tax payment, and there is nothing wrong with going to the ECJ. However, we are implementing today a substantial change to our direct taxation as a consequence of an ECJ judgment, not of a decision taken by this House or by UK courts.

Nor is that a unique example; there are a number of such cases dating back to 1996. Perhaps the first such case was ICI *v.* Colmer, which concerned consortium relief. More famous and significant were cases involving Hoescht and Metalgesellschaft, which determined that, for advance corporation tax purposes, groups with a UK parent company should not be treated differently from those with an EU parent company. The fact that ACT has been abolished, perhaps in part as a consequence of this judgment, does not mean that the case is meaningless. As well as being an important case in principle, the cost of repaying overpaid corporation tax in the Hoerscht and Metalgesellschaft cases, and similar cases, is likely to run to billions. Estimates of £3 billion to £5 billion are regularly quoted.

The ECJ judgment in the Lankhorst-Hohorst case, on Dutch and German thin capitalisation rules, has also imposed a substantial administrative burden on UK companies. The ECJ held that it was illegal to have thin capitalisation rules with regard to overseas group companies, but not group companies in the same jurisdiction. Thin capitalisation rules protect corporation tax revenues from flowing out of one

country in the form of excessive interest payments being made intra-group to an overseas group company. As a consequence of the judgment, if one wishes the same rules to apply to overseas group companies as to UK group companies, one has to introduce what are effectively thin capitalisation rules for UK companies. That was done in the Finance Act 2004, which requires all transactions with group companies to be transacted on an arm's length basis or at least evidence to be produced to show that that was the case. If that cannot be done, the transactions are taxed accordingly.

The process has not finished. Earlier this month, the Advocate General opined on the BAT group case on franked investment income. The Treasury estimates that if the ECJ confirms the Advocate General's opinion—as it usually does—the decision could cost the UK £7 billion. At an earlier stage of the process is the Cadbury's case, which may result in a substantial review of the UK's controlled foreign companies rules.

Why are those cases important? First, they can be expensive. It is not always possible to measure accurately the precise cost of a judgment, but an analysis by Alistair Craig of Ernst and Young—I recommend that hon. Members read his paper on EU law and British tax, published by the Centre for Policy Studies—gives the possible cost of the various judgments that I have mentioned at somewhere between £7.5 billion and £11.5 billion. As I mentioned earlier, the franked investment income case may cost an additional £7 billion.

When the Government came to power in 1997, many of the fiscal problems of this country were to be resolved by removing loopholes. Indeed, the hon. Member for Wolverhampton, South-West mentioned loopholes earlier. I think that sometimes the term "loophole" can be a little misleading, and one man's loophole is another man's low tax environment. However, the ECJ is creating a series of substantial loopholes in the British corporation tax system.

The second problem is the administrative difficulties, because the Government are inevitably required to ameliorate the effects of the judgments and that, in itself, causes difficulties for British business. For example, as I mentioned and as a consequence of the Lankhorst-Hohorst judgment, the Finance Act 2004 introduced thin capitalisation rules requiring all UK companies to demonstrate that all transactions with fellow UK companies in the same group are on an arm's length basis. The administrative cost to UK businesses of that requirement has been considerable.

In many cases, such as the provisions contained in schedule 1, the complexity of our tax system has been considerably increased by the changes required by ECJ judgments. Today, many Members have spoken about complexity, much of which we can put at the Chancellor's door, but in some instances it is created by the ECJ.

A third concern is that we are moving towards the harmonisation of our taxation system to change it so that it complies with ECJ judgments, and the effects could be broader than the initial facts or the case being addressed. For example, if the Advocate General's opinion is upheld—as it usually is—in the BAT group case, it will no longer be possible to tax the dividends of overseas subsidiaries differently from UK subsidiaries. In most European jurisdictions, dividends from all subsidiaries are tax-exempt under what is described as the participation exemption. In the UK, we do not have a blanket exemption but we have a right to a tax deduction for interest on borrowings by a parent company in respect of a subsidiary. Those two different approaches are fundamentally incompatible—trying to operate them together would be wide open to abuse—so a key aspect of our corporate tax structure will have to be reformed. Presumably, we will have to use the participation exemption, but we will no longer be able to permit a deduction for interest on borrowings by a parent company in respect of a subsidiary.

That may be a good thing. I am not qualified to decide, but it is arguable that our tax structure, not just our tax rates, may give us a competitive advantage, which could be lost as a consequence of the ever-creeping Europeanisation of our tax structure. Certainly, the CBI tax committee has warned that the consequences of the BAT group case could blunt the appeal of the UK as a location for holding companies.

Most important of all is the constitutional point. In clause 27 and schedule 1, we are legislating on a matter relating to direct taxation and amending our law not as a consequence of anything determined by a UK court or because of the views of Members. That is not an uncommon experience for the House. However, one of the few areas where there is near unanimity on European matters is direct taxation. It is a line in the sand, we are told. Nobody is advocating harmonisation of direct taxation, be it of its rates or of its structure. None the less, that is precisely what is happening. Tax harmonisation has little or no support in the House.

Dawn Primarolo: The hon. Gentleman is making a thoughtful speech on important aspects of taxation and I would like to make two points. First, I remind him that his party, when in power, committed the then Government and successive Governments to the current regime. Secondly, I am glad that he acknowledged that important point about maintaining the competitiveness of the UK's tax system, but before he concludes his remarks can he offer us any thoughts about how exactly that might be done?

Mr. Gauke: I am grateful to the Paymaster General for her complimentary remarks. It is not the first time that she has made such remarks; it appears to be habit-forming and, as I have said before, I fear that it may have consequences for my career.

I acknowledge that in some cases the judgments of the ECJ relate to the single market. I do not want to argue the historical point. I am not pointing the finger at the Government for introducing legislation or signing treaties that may have caused the problem, but political society as a whole has not addressed it and given it the profile that it should have received. I am trying to highlight the concern, but as a country our options for addressing it are somewhat limited. We should consider amending treaties. We may need to consider taking a tougher line at intergovernmental meetings. We must always bear in mind the consequences to our tax system when we evaluate our relationship with the EU.

My concern this evening is simply to highlight that issue, which does not receive the attention in the House or outside that it should. We are talking about very large

[Mr. Gauke]

sums of money. We are talking about a cost to the Exchequer of £7 billion. We have rightly argued about the proposals on trusts, which the Treasury estimates will cost about £15 million, and about the home computing initiative. We are talking about relatively small amounts of money in those cases, but large sums are being lost to the Exchequer and large administrative burdens are being placed on British industry and business as a consequence of such judgments. There is a need for a greater awareness of what the ECJ is doing to our corporate tax system. The effect is substantial and very concerning, and it is highly regrettable in my opinion that we are losing the ability to legislate for ourselves the corporate tax system that should apply in the United Kingdom.

9.5 pm

Ms Sally Keeble (Northampton, North) (Lab): As a member of the Treasury Committee, I should like to join my right hon. Friend the Member for West Dunbartonshire (Mr. McFall) in paying tribute to the staff who prepared our inquiry and report at very short notice. In the brief time that I have this evening, I want to deal with two general issues and then two very specific ones, one of which has not been dealt with before.

I completely disagree with the hon. Member for Gosport (Peter Viggers), who also serves on the Select Committee, about the overall approach to the Budget and the Bill and about the management of the economy in general. Having heard what he said, I wonder whether he was at the same Select Committee inquiry as the one that I attended. The overwhelming consensus of all the witnesses was that our economy has been remarkably stable. Indeed, that is stated in the introduction to the Select Committee's report, which no one demurred from at all.

The overwhelming consensus was also that that stability is the envy of the world—certainly, it has been very well recognised internationally—and that the stability and success that we have achieved is largely owing to the stewardship of the economy by the Government and, in particular, the Chancellor. Some of the protestations from Opposition Members were driven by envy of a Government who have succeeded in managing the economy well for the same period that the Conservative party managed to precipitate two of the most disastrous recessions that this country has ever seen. Indeed, the Chancellor recognised some of the challenges that we face in this economy—certainly, those of increasing productivity and tackling poverty—and measures to tackle those problems are clearly set out in the Budget.

Quite a number of hon. Members have talked about the trust fund proposal. I completely disagree with the hon. Member for Chipping Barnet (Mrs. Villiers), who said that it was a tax on the aspirational classes. My constituents are second to none in their aspirations. Indeed, an awful lot of them moved to Northampton to have a better life, to do better for themselves and their families, to find jobs and to get better houses. I have not heard any of them remotely say that they feel that that proposal will affect their ability to provide better for their children's future.

My constituents rightly understand that their aspirations for their children are well-served by the Government in providing for education services, in increasing children's chances of university education and in ensuring that they have the prospect of finding decent jobs. They obviously want to ensure that their children's financial future is safeguarded by raising the inheritance tax threshold. The Government have certainly made some progress in that respect. I am very pleased that the level is above the average value of houses in my constituency, but I should like it to be moved higher.

I want to deal with two issues that have not been dealt with before. The first relates to clauses 54 to 58, which deal with charities. I have a particular interest in that because I was deputy chair of a commission of inquiry that was set up by the Association of Chief Executives of Voluntary Organisations, which was very much concerned about the income and funding for charities and their tax treatment. Some of the proposals in the Bill are good; some seem to be not quite so good. I hope that my right hon. Friend the Paymaster General will be able to comment a bit more on those. I am sure that they will also be dealt with in Committee.

Clause 54 relates to charities' dealings with major donors. As I understand it, it is largely a way of cutting down on tax avoidance. I trust that it will be presented and implemented in that way. Will my right hon. Friend confirm that? Clause 55 is a bit more complex and deals with non-charitable spending. It is a means of restricting tax relief. It serves the dual purpose of providing more flexibility and introducing measures to deal with tax avoidance. I very much welcome the flexibility, especially where it seems to allow charities more leeway in managing their finances when they hit financial difficulties. I assume that that will be more carefully explored in Committee. I ask my right hon. Friend to look very carefully at the implementation of that.

Some of the charities that will be affected by the proposals are extremely small, because the Bill proposes the lifting of the de minimus £10,000 level. The regulations are complex, so I hope that my right hon. Friend will ensure that those small organisations can deal with those difficult issues.

Clause 56 removes the risk that charities with trades that are only primary purpose could lose tax relief on the whole trade if the non-charitable part of the business is large. That touches on some issues that came up in the scrutiny Committee of the earlier Charities Bill. As I understand it, the provision would affect, in particular, those charities that support their charitable purpose with a business that is run purely as a business. We had the good example of a museum that also had a conference centre and used the income from the conference centre to support the museum. Will my right hon. Friend say whether that will be the impact of the clause and whether it will give the help to those innovative charities that I expect and hope it will?

Clause 57 improves the arrangements made for subsidiary companies of a charity to donate their profits to parent charities using gift aid. When a subsidiary decides to give its money to more than one charity, it will still be able to gain the tax exemption. Charities play an incredibly important role in our society and the Government have always been keen to support them. The ability of charities to operate effectively obviously depends to a great extent

on their being able to raise their funds through voluntary activity and also, of course, on having a tax regime that is supportive of them and is comprehensible and easy for them to implement. I hope that my right hon. Friend will give some reassurances on that in her winding-up speech and also provide some indication of whether the Government will look more favourably in general at the tax treatment of the charities and voluntary organisations that perform such an important role in our society.

My second small point relates to clause 61 and the home computer exemption. I am not sure whether the matter has already been raised. I take on board all the points about the change to the price of computers and the fact that many people have them now, but the measure has been extraordinarily popular in my constituency. The Communication Workers Union has started a petition to support the retention of the tax relief because many local people were using it to buy computers. I ask the Government to look again at the measure. They should not assume that just because computers have become cheaper and more people have them, the measure, which is small, does not still serve a useful function in our society.

I support the Bill in almost all its details. It is part of one of the cornerstones of the Government's success: the fine management of the economy, which has served my constituents well and allowed them to enjoy a decent quality of life and realise their aspirations for their children. I am sure that the Bill will be welcomed and sent on its way by the House tonight.

9.15 pm

Mr. Philip Dunne (Ludlow) (Con): I remind the House of my declaration in the Register of Members' Interests. I also apologise to you, Madam Deputy Speaker, for being unable to attend the entire debate, because I had Select Committee and other parliamentary duties this evening.

I welcome the Chief Secretary back to the Chamber, and would like to pick up on three of the issues on which he spoke at the start of the debate: the focus of the Bill on productivity, fairness and anti-avoidance. He will not be surprised to learn that I will take an approach somewhat different from his.

Several of my hon. Friends, not least my right hon. Friend the Member for Wokingham (Mr. Redwood), spoke about productivity. I raised the issue in last month's debate on the Budget and pointed out that despite the Chancellor's claims, productivity growth in this country is clearly on a declining trend. Over the past 12 months it has grown by a mere 0.4 per cent., which is substantially below the trend under this Government, and even more substantially below that under the previous Government. It is not clear from my reading of the Bill how productivity will be enhanced. It will certainly not be enhanced in the oil industry, which is being clobbered by extra taxation measures, in the financial services industry, where the trust sector is being clobbered, or in the public sector.

The former BBC economics correspondent Jeff Randall wrote a rather interesting article in *The Daily Telegraph* immediately after the Budget. He commented:

> "With government spending, as a percentage of Britain's output, rising from 37.5 per cent. in 2000 to a forecast 45.7 per cent. in 2007, there has been a tidal shift of resources into the low-productivity public sector."

That is evident, and the article is a graphic description of what has gone on under this Government. It is a rather sad legacy of our Prime Minister that NHS productivity may well rise in the coming year as a result of the substantial job losses about which we read every day in the press. The Royal College of Nursing predicted a 13,000 increase in unemployment in the NHS, which will probably have the perverse effect of increasing productivity in that segment of the public sector.

Let me turn to the subject of fairness. I was struck by the Chief Secretary's use of the fairness argument to justify several of the more controversial measures in the Bill. He specifically cited fairness as a reason for introducing IT access for the elderly. He used as an example the Department for Work and Pensions' measures to improve such access. I presume that he was referring to access to benefits and pensions. I ask him, or the Paymaster General in her winding-up speech, to inform the House how the Government reconcile that with the fact that in 2003 the DWP introduced the Post Office card account, providing technology to replace the physical pension book—a good thing—yet now, barely three years later, it is deciding to terminate that account, which has proved so popular that more than 4.3 million people, many of them pensioners, have one.

Clause 61, which has been touched on by many Members, deals with the home computing initiative. The withdrawal of this initiative, too, was described by the Chief Secretary as fair. The initiative was a very welcome and well-received Government tax relief measure—no great surprise, then, that it is being scrapped by the Bill. It helped households on low incomes, it helped those who were out of work gain access to work, and it helped those in rural areas such as my constituency to gain access to jobs remote from home. The success of the initiative in my area is shown by the fact that last year Shropshire was declared the leading county in the country for home working, in part thanks to that Government initiative, which is now being scrapped.

Fairness was also used as an argument to justify the proposed inheritance tax changes to trusts in clause 157 and schedule 20, but the retrospective nature of those changes is contrary to fairness. The reduction from 25 to 18 in the age limit for accumulation and maintenance trusts has nothing to do with fairness at all, and everything to do with the politics of envy, I regret to say. The financial literacy of 18-year-olds is not the same as that of 25-year-olds. Some commentators have described the measure as a charter for drug dealers. That may be pushing things a bit far, but removing prudent financial oversight from young people, some of whom in their maturing post-school years may fall easy prey to those who seek their wealth, does not seem to me to be an act of fairness.

It is also claimed that this is an anti-avoidance measure, as though the trusts concerned had been set up explicitly to avoid paying tax. In many cases—the vast majority, I would argue—that is not the case. As many commentators have pointed out, the Government seem to have little understanding of the extent or purpose of these trusts. The Chairman of the Treasury Committee rather helpfully pointed that out in the report published earlier today, quoting the letter that the Paymaster General, no less, was rushed into publishing in *The Times* in a panicky response to the general public outcry

[Mr. Philip Dunne]

about this aspect of the Budget. Paragraph 106 of the report refers to the Paymaster General arguing that the new rules would affect only a small number of trusts, saying:

"We estimate that there are about 100,000 discretionary trusts and only a small minority of those are accumulation and maintenance trusts of the kind that are caught by this Budget measure. Of that small minority of accumulation and maintenance trusts, only those containing assets above the inheritance tax threshold will be caught, so it is a minority of a minority."

Since that letter was written, most commentators of whom I am aware have rather graphically illustrated the fact that the problems posed by the measure range much more widely than the Government seem to understand.

We heard earlier from my hon. Friend the Member for Gosport (Peter Viggers), who practised as a solicitor for many years, that most wills are written in trust. Husbands and wives, in both pre-nuptial and divorce situations, find their assets written in trust. Orphans have their assets written in trust. Recipients of compensation also have their assets written in trust. We have heard this evening about the life insurance sector.

We will look forward to ascertaining in Committee precisely how the Government intend to exclude life insurance policies from the proposed legislation. All these measures could catch many people. This is an attack not on a small minority of a minority, but on the vulnerable and aspirational, and it is happening at a time when inheritance tax is being abolished in many of our competitor economies. This is not the time to seek, through some rather vindictive measures, to tighten the net under the guise of anti-avoidance while seeking to spread the net much more widely than ever before.

I shall speak briefly about some of the green proposals in the Budget, which the Chancellor of the Exchequer has chosen to trumpet throughout the globe. I would like to bring to the attention of the House one specific example, which illustrates the Government's incompetence in implementing some of their proposals. One of my constituents, Mr. David Luckhurst, runs his own small business, which is called Solar Dawn Renewables, of Lydbury North in my constituency. It installs heating systems with solar power generation on a domestic scale. Mr. Luckhurst was developing his business well under the Clear Skies renewable energy grants system, which the Government set in place. He hoped that it would be replaced in an orderly and efficient manner by the low-carbon buildings programmes grants, which had yet to be launched. They were announced in November 2005, allocating a further £30 million over three years, which was a welcome development, if modest.

At that time, before the moneys were allocated between householders, communities and manufacturers, £1.5 million of the £30 million was taken out of the fund to make up a shortfall in the predecessor Clear Skies programme. When the remaining Budget was allocated, £10.5 million was given to what is known as stream 1: householders—domestic users—and non-profit community organisations such as registered charities, community groups and schools, which received the balance of £4 million. Another £18 million was allocated to larger-scale projects known as stream 2. That included £6 million for retrofit and £12 million for new build and refurbishment of businesses, building developers, energy service companies and public sector entities.

In the Budget, in March, the Chancellor of the Exchequer announced a further £50 million for the low-carbon buildings programme,

"with the aim of encouraging manufacture at a higher scale leading to lower costs. This will help fund the installation of microgeneration technologies in a range of buildings including schools, social and local authority housing, businesses and public buildings"—

all very noble.

There are still no details of exactly how the £50 million is to be allocated. All the indicators are that businesses will be the main beneficiaries. Yet there are small accredited firms, such as that run by my constituent, which are more or less entirely dependent on the custom of householders, and the so far patchy grants system has been making their survival in business extremely difficult, although both the Government and the Opposition have been trying to encourage such activity to improve energy efficiency and reduce reliance on fossil fuels.

Applications were deferred, on the basis that Clear Skies was to be replaced. Then the new programme was delayed. Now the DTI is saying that householders can register for application forms from today—more than a month after the Budget announcement. It seems that none of the applications will be processed until the beginning of next month—a month and a half after the Budget announcement.

To add to the complexity—the Government do not like to do anything simple if they can complicate things—there are now strings attached to grant applications. Householders are eligible for a grant only if they have previously installed other energy-efficiency measures, including loft and cavity wall insulation, low-energy light bulbs and heating controls. Those are all useful measures, but they should have been made criteria before now, so that householders knew what contract they were expected to enter into before they received the grant.

Small businesses that produce the microgeneration technologies that everyone in the House wants to expand throughout the country rely on the grant funding for their businesses to flourish, but they have become increasingly vulnerable following a downturn in orders as a result of the Government's stop-start policy making. I hope that the Paymaster General, if she is paying attention, will be able to provide reassurance that the grants under the new low-carbon buildings programme will be processed as quickly as possible to prevent small businesses in that sector, such as the one owned by my constituent, from being pushed further into the red, as they are the very organisations that the Government should encourage if they are serious in their commitment to reduce carbon emissions.

9.31 pm

Mr. Mark Francois (Rayleigh) (Con): It is a genuine pleasure to sum up our thoughtful debate on behalf of Her Majesty's Opposition. In the time available, I shall do my best to deal with the points made by the participants in our proceedings.

The Chief Secretary had a gentler run-out than he did in the debate on the Budget resolutions. He raised a number of issues and said that the Government offered potential. However, he did not say a great deal about the Government offering potential to pensioners—I promise that I will say more about that later. Interestingly, he said, "It's not a test of fairness to take two sets of figures and compare one set with another." I thought that Chief Secretaries did that all the time, not least when they attempt to discuss departmental spending limits in the run-up to a comprehensive spending review. I am delighted that the right hon. Gentleman has found a new way of doing so, and we look forward to seeing the results.

My hon. Friend the Member for Chipping Barnet (Mrs. Villiers) gave a very good, detailed speech outlining our critique of the Bill. She criticised the instability of the tax regime caused by the constant change and tinkering in which the Chancellor loves to indulge. She suggested a measure to save the home computing initiative by working co-operatively—again, I shall say more about that later, and I would very much appreciate it if the Paymaster General attempted to take some of my points on board.

My hon. Friend filleted the Government's case on trusts and took it to pieces. We look forward to her doing so again in Committee, both on the Floor and upstairs. The right hon. Member for West Dunbartonshire (Mr. McFall), the Chairman of the Select Committee, made a timely contribution, given the publication of today's report. He said that the Committee had concluded that it may be appropriate to review the operation of the fiscal rules. That is right and timely, not least as an economic commentator recently stated that the Chancellor had moved the goalposts on the golden rule so often that they were

"barely still on the pitch."

The Chairman of the all-party Select Committee expressed reservations about the Government's proposals on trusts—a theme that cropped up in speeches by Members on both sides of the House—which they should reconsider.

The hon. Member for Falmouth and Camborne (Julia Goldsworthy) spoke on behalf of the Liberal Democrats. I, too, welcome her to her new responsibilities, but may I offer her a tip? She lectured the House about posturing, but there is delightful irony in being lectured on that subject by a Liberal Democrat. [HON. MEMBERS: "Hear, hear."] That proposition has support from three quarters of the House. We look forward to engaging in debate with her at close quarters in Committee, and we will see how much posturing takes place there.

We then heard from the hon. Member for Newcastle upon Tyne, North (Mr. Henderson), for whom I have a particular affection, as he spoke just before me when I made my maiden speech in this place some five years ago. He described himself as one of the usual suspects in Finance Bill debates, which is right. He also rightly sounded an important warning about globalisation and the need to maintain competitiveness in the face of rapid economic and technological change. Given that need, it makes little sense to hinder the spread of computer literacy by abolishing the home computing initiative, as his Government currently propose, and I hope that we may yet have his support for trying to save the scheme.

My right hon. Friend the Member for Wokingham (Mr. Redwood) spoke, as ever, very knowledgeably on these matters. He noted the declining productivity growth in recent years. He is absolutely right, as productivity growth is now a fifth of its level when the Government came to office in 1997. That is especially worrying as it is the Chancellor himself who described such growth as a fundamental yardstick of economic performance. My right hon. Friend hit the nail squarely on the head.

We then heard a contribution from the hon. Member for Wolverhampton, South-West (Rob Marris). What can I say about that? If I may say so, perhaps more briefly than he did, and being serious for a moment, he began making a very thoughtful speech. He spoke with some passion on the environment and the threat posed to all of us around the globe by climate change. As my right hon. Friend the Member for North-West Hampshire (Sir George Young) said, the hon. Gentleman had the House with him on that issue. It was the other 55 minutes where it went a little wrong. I understand that he is keen to serve on the Committee. I cannot tell him how much we are looking forward to that. I really cannot. He may know that, during debates in the Committee last year, there was a move in all parts of the House to form a group called "Friends of Rob Marris", whose basic intention was to persuade him to get out more. We shall see how we do.

My right hon. Friend the Member for North-West Hampshire focused on a number of subjects, including real estate investment trusts. He rightly criticised the Government for their delay in introducing the proposals—an issue to which I shall return later. Not least because of his background in housing, I look forward to enjoying his contribution to our debates in Committee on that subject.

The hon. Member for Wirral, West (Stephen Hesford) asked what aspects of the Bill we supported. I shall not disappoint him, if he waits a few minutes, as I shall go through them with him. He said that last year he made a speech that was too critical of the Government, so he suspected that he would not serve on the Committee. Having heard his contribution this evening, I look forward to joining him upstairs.

Stephen Hesford: Will the hon. Gentleman give way?

Mr. Francois: Gladly, providing that the hon. Gentleman is quicker than he was earlier.

Stephen Hesford: The hon. Gentleman misquotes me. I did not say that I had made a speech that was too critical of the Government. I said just that I had made a speech that did not find favour with the usual channels.

Mr. Francois: I am sure that the whole House will appreciate that extremely important nuance.

My hon. Friend the Member for Gosport (Peter Viggers) pointed to a number of deficiencies in the record of the Government and the Chancellor. He was particularly critical of the Government's proposals on trusts—the theme arose again—and he deployed some of his previous legal expertise in drumming his point home. I welcome his contribution on that point, not least as he serves on the Treasury Select Committee.

[Mr. Francois]

The hon. Member for Wyre Forest (Dr. Taylor) yet again managed inventively to bring the NHS into this debate, on which I congratulate him—it is more than the Chancellor managed to do. The hon. Gentleman was also concerned about trusts, so they featured in yet another contribution, this time from an independent Member of the House. He said that the proposals impact not on the super-rich, but on ordinary aspirational families. I agree, and I will have more to say about that in a moment.

My hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright) welcomed the intention to tackle MTIC—missing trader intra-community fraud—which I hope will find favour with the hon. Member for Wirral, West. He also criticised the operation of the tax credits system—something over which the Paymaster General and I have crossed swords on many occasions, as we will no doubt do in future.

We then heard from the hon. Member for Dundee, East (Stewart Hosie), who speaks on these matters for the Scottish National party. He mentioned several issues in his contribution, including clause 61, which concerns the proposed abolition of the home computing initiative, and I hope that he will support our amendments to try to save the scheme.

My hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) displayed his considerable legal knowledge and his impressive pronunciation of certain German court cases, which I shall not attempt to replicate. In particular, he focused on the proposals in the Bill to address the implications of the judgment in the M&S case. He clearly knows a lot about that subject, and we look forward to enjoying his expert contribution in Committee.

The hon. Member for Northampton, North (Ms Keeble) is also a member of the Treasury Committee. She suggested that the Government should re-examine their proposals to abolish the home computing initiative, and I welcome that contribution. She is right, and I hope that Ministers heed her wise advice.

The final Back-Bench contribution came from my hon. Friend the Member for Ludlow (Mr. Dunne), who also expressed reservations about the abolition of the HCI scheme. Indeed, he also expressed concern about the abolition of trusts, which is a point that we have heard again and again from both sides of the Commons, so Ministers are advised to take note.

Turning to the hon. Member for Wirral, West, we welcome some parts of the Bill—for instance, we welcome in principle the proposals relating to the Olympics and part 4, which provides for the introduction of real estate investment trusts, which is an initiative that we have been pressing the Government to adopt for some time. We look forward to exploring the precise detail of the Government's proposals in the 43 clauses in part 4 both on the Floor next week and subsequently upstairs in Committee. Suffice it to say at this juncture, although the concept is welcome if not overdue, it will be important to get the regime right before it comes into force, and to do so in such a way that it is not likely to be subject to substantial revision thereafter. In short, we cannot allow REITs to become another SIPPs.

There are a number of other aspects of the Bill about which we have greater concern. To begin with, there is the proposed abolition of the home computing initiative, which is presaged by clause 61. The Chancellor himself first facilitated the HCI back in Budget 1999 with the intention of promoting the spread of IT skills among our population, which was a laudable aim. The HCI scheme was subsequently endorsed by a variety of bodies, including the DTI, the CBI and the TUC.

The Minister of Communities and Local Government said this about the HIC scheme to his own regional press:

> "As technology and IT-based business becomes an ever-bigger part of our regional economy, it is vital that the workforce develops the skills which will keep us competitive. That process should begin in the home so that everyone has the opportunity to become comfortable and competent with computers. That is why the Government is offering tax breaks which reduce the cost of computers to employees while saving money for their employers."

The general secretary of the TUC essentially agrees with him. On 19 January this year, which was the second anniversary of the HCI scheme, Mr. Brendan Barber issued a press release stating that

> "experience has shown that when a business implements an HCI scheme, demand for learning services and training rises significantly."

It is difficult to mistake the meaning of that press release.

The DTI was also particularly keen to foster the HCI scheme. In fact, it was still promoting the scheme on its departmental website when the Treasury announced that the scheme had been scrapped. The DTI said—this has since been removed from the website—that

> "The real beauty of HCI schemes is that they have the potential to improve performance in almost every area of the organisation. As well as traditional drivers—reducing costs, increasing profitability—they can also contribute to more recent imperatives such as corporate responsibility, individual learning and workplace development".

That is a good argument for keeping the scheme. Will the Paymaster General explain to the House in her winding-up speech the degree of consultation that took place between the Treasury and the DTI before the scheme was scrapped, because I suspect that there was not much?

The measure has proved popular, with some 500,000 people taking advantage of the scheme to, in effect, hire a computer via their employer to help to improve their IT skills as part of a modern, knowledge-based economy. According to the HCI Alliance, 60 per cent. of participants are in blue-collar industries and 75 per cent. pay the standard rate of tax or lower. We believe that the scheme is worth while and that the Government should retain it, not abolish it, and we will table amendments to that effect. If the Government still argue that there have been abuses of the scheme that need to be addressed, we are genuinely willing to work with them, with the industry and with users to try to produce a revised framework that would allow users to continue to benefit while protecting revenue appropriately. I sincerely hope that the Government will be minded to take up that offer during the Bill's progress through the House, and we will listen very carefully to what the Paymaster General says when she winds up.

Then there are the measures in the Bill that will increase the tax burden on small companies, including the proposal in clause 26 to abolish the zero starting rate

of corporation tax, which was, again, introduced by the Chancellor, this time back in 2002. The Treasury will now ask even new companies to pay 19 per cent. straight off instead. The Government have billed that as an anti-avoidance measure, but it is still a revenue-raising initiative. The Treasury's Red Book points out that the change, which is euphemistically described as "tackling tax motivated incorporation", is set to raise a net £870 million from small companies in the years 2006–07 to 2008–09 inclusive. With measures like that, it is no wonder that the Minister for Higher Education and Lifelong Learning admitted in *The Sun* on 28 March:

"We are probably about at the limit of what people are prepared to pay to improve public services."

I think that he is right, and that small companies are probably at about that limit as well.

I turn to the attack on trusts contained in part 6, about which we have heard a great deal in this debate. One thing that we have learned about the Chancellor in recent years, be it in his Budget speeches or in his associated Red Book, is that one must always read the small print—not least in the subsequent Finance Bill. Nowhere is that more true than in the proposals relating to trusts. This is not just an issue of retrospective legislation—that is usually a matter of some controversy and, as we have heard, it will be in this case—but of the very considerable uncertainty, doubt and worry that has been caused to many families by the proposed change. Graham Serjeant, the economics editor of *The Times*, said of the new regime:

"The proposals combine malice, prejudice and miscalculation."

This not about combating tax avoidance, as the Government like to claim—it smacks of the politics of envy, and it is exactly the sort of measure that middle England could expect more of were the Chancellor ever to succeed to the premiership. We will want to explore the precise detail of what the Government have in mind in relation to all this, although in fairness the shadow Chief Secretary has done that commendably already, and to seek to ameliorate its worst effects on hard-working and aspirational families.

This Bill will increase the tax burden, including on our small businesses, and reduce, rather than enhance, our competitiveness, but it is deficient in other respects as well. Despite being a major piece of financial legislation, it does precious little in part 7 to address the problems in our pensions industry following the Chancellor's £5 billion-a-year smash-and-grab raid. It also comes as small comfort to pensioners who took advantage of Labour's £200 council tax discount just prior to the general election, only to see it removed in the 2006 Budget once the votes had been safely counted. When the Chancellor first brought the measure in, *The Sun* responded on the following morning with the headline, "Beware the bribes of March". It was indeed a one-off bribe, and we hope that the electorate will reflect on it at the ballot box on 4 May this year.

Britain needed a Finance Bill this year that boosted our competitiveness in an increasingly fierce global economy, rewarded enterprise, helped to stimulate growth, and provided a successful financial climate for genuine reform of our public services rather than financial chaos and 7,000 redundancies in the NHS. However, the House has been presented instead with a detailed and complicated measure—as ever from the Chancellor—that discourages business investment, does little to boost productivity, penalises families that seek to plan for their future and that of their children and betrays pensioners while failing to do anything practical to avert the mounting financial crisis in the NHS.

For those reasons, hon. Members should decline to give the Bill a Second Reading. I urge them to vote for our amendment instead.

9.50 pm

The Paymaster General (Dawn Primarolo): On the whole, the debate has been good and instructive, with hon. Members making positive contributions. I congratulate the hon. Members for Chipping Barnet (Mrs. Villiers) and for Falmouth and Camborne (Julia Goldsworthy) on their first major speeches from the Front Bench. I genuinely look forward to our debates in Committee, if only because all three political parties will be led by women. Let us hope that we can convince both hon. Members of the virtues of the Bill.

Although the hon. Member for Rayleigh (Mr. Francois) knows it as well as I do, I must tell other hon. Members who are not veterans of Finance Bill debates that my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) was only warming up this evening. How much I look forward to his contribution in Committee! Let me say to him, in the friendliest way, that brevity would help.

The Government believe in a modern and fair tax system that keeps pace with a changing world and, as my hon. Friend the Member for Newcastle upon Tyne, North (Mr. Henderson) so eloquently summarised, encourages work and savings, ensures that everybody pays their fair share and delivers world class public services. The Bill contains measures that help the Government to achieve those objectives.

My right hon. Friend the Member for West Dunbartonshire (Mr. McFall), who chairs the Treasury Committee and introduced and highlighted parts of its report, reflected on several matters and common themes with the Government. Of course, we shall respond to the Committee in the usual way. However, like the Bill, he went on to focus on measures to support productivity, enterprise and competition, to help the environment and to ensure that the tax system is fair. He referred to targeted measures to tackle tax fraud and avoidance and market distortions, and to ensure that the tax system can respond to the challenges of globalisation—a point echoed by many hon. Members.

Like my hon. Friend the Member for Wolverhampton, South-West and other hon. Members, my right hon. Friend the Member for West Dunbartonshire also spoke about the specific challenges to the environment. It is important to remind hon. Members that CO_2 levels will be 15 to 18 per cent. lower in 2010 than in 1990. Greenhouse gases will be 23 to 25 per cent. lower in 2010 than the base year levels. Business sector emissions will be 33 per cent. lower and domestic sector emissions will be 16 per cent. lower than the base levels in 2010. As hon. Members repeatedly pointed out, we have to ensure that we make genuine progress by 2020, that we have a long-term goal of

[Dawn Primarolo]

reducing CO_2 emissions by 60 per cent. by 2050, and that that is based on a range of measures to tackle the emissions problem.

Gregory Barker (Bexhill and Battle) (Con): Will the Paymaster General give way?

Dawn Primarolo: No, the hon. Gentleman was not present in the debate. If he serves on the Committee, he can join in at that point.

My right hon. Friend the Member for West Dunbartonshire and several other hon. Members mentioned air passenger duty. My right hon. Friend knows that the decision on air passenger duty is influenced by environmental concerns. It must also be considered in the context of wider social and economic factors, as the Chancellor said in evidence to my right hon. Friend's Committee. The aviation industry has been badly affected by 9/11 and by the present volatility in the oil market, and the Government believe that the most effective approach to dealing with aviation emissions is to ensure that the European emissions trading scheme is in place by 2008. In these debates it amazes me how quickly hon. Members and spokespersons for other parties rush to make commitments on which they will never have to deliver. They do not therefore have to consider the issues in the round. That said, I take on board the points that my right hon. Friend made.

The hon. Member for Chipping Barnet spoke about complexity, and I have listened with interest to the debate on the perceived complexity in the Bill. Its measures are designed to be as simple as possible while protecting revenue, encouraging growth and enterprise, and addressing market failures. Complexity is a notion that the Government take seriously, but the tax systems in the modern world are inherently complex, reflecting the complex economic and social realities with which we live.

My hon. Friend the Member for Wirral, West (Stephen Hesford) focused on deregulation. He will be aware that recent research carried out by KPMG found that the UK tax system imposes administrative burdens equivalent to about 0.4 per cent. of gross domestic product, which compares favourably with the rate in other countries. For example, it is lower than in either the Netherlands or Sweden. In answer to the point made by the right hon. Member for North-West Hampshire (Sir George Young), however, Her Majesty's Revenue and Customs has been set challenging targets to reduce that burden even further. Over the next five years it will reduce the time spent dealing with forms by 10 per cent., and with inspections by 15 per cent. My hon. Friend the Member for Wirral, West listed the deregulation measures in the Budget.

Mr. Redwood: Will the Paymaster General give way?

Dawn Primarolo: No, I will not.

The size of the Bill was also discussed. The Government have a strong record of engaging with business and we intend to continue that dialogue. In that context, a large proportion of the measures in the Bill follow extensive consultation with business, to ensure that the legislation is modernised to effect the changes that the business environment needs. Those measures include the research and development tax credits, the new film tax credits and the creation of the real estate investment trusts—

Mr. Redwood: Will the Paymaster General give way?

Dawn Primarolo: No, I will not give way to the right hon. Gentleman. Is that clear?

Mr. Redwood: Will the right hon. Lady give way?

Dawn Primarolo: I am not sure, Mr. Speaker, which part of the word "no" the right hon. Gentleman is struggling with.

Many hon. Members, including the hon. Members for Chipping Barnet and for Gosport (Peter Viggers), my right hon. Friend the Member for West Dunbartonshire and my hon. Friend the Member for Wolverhampton, South-West, referred to trusts, in particular two types of trust—the accumulation and maintenance trust and the interest in possession trust. There is no clear rationale for privileging those trusts.

It has been clear for some time that wealthy individuals are using trusts primarily to shelter their wealth from inheritance tax. The Government believe that it is unfair for people to gain such an advantage, and we have therefore taken action to ensure that inheritance tax exemptions apply only when trusts are set up to cater for certain prescribed circumstances. Those are, broadly, when they provide for bereaved minors, for the disabled, or for only one beneficiary. In other cases, the normal charges for trusts will apply, preventing them from being used as shelters.

There has been a great deal of speculation in the media that this measure will affect millions of people. Much of that speculation is groundless and has raised people's fears unnecessarily. For the avoidance of doubt, however, and in response to several issues raised this evening, I want to confirm a number of points about trusts.

Life assurance policies that were placed in trust before 22 March 2006 will continue to be regarded as being in pre-Budget trusts. My hon. Friend the Member for Wolverhampton, South-West asked two specific questions. First, he asked whether discretionary trusts still have a 10-year anniversary charge. The answer is that existing tax regimes for discretionary trusts remain, including the 10-year provision. His second question related to wills, for example, in relation to an individual who has Alzheimer's. Wills can still be changed up to two years after death by using a deed of variation, which still applies in that case. When someone dies without having made a will, their bereaved spouse or civil partner will continue to get the spouse relief. Spouse relief will continue to be due when an "interest in possession" trust is set up under a will giving a life interest to a bereaved spouse or civil partner, where someone takes the asset outright.

The hon. Member for Gosport referred to the use of trusts at the age of 18 or 25. Using trusts beyond the age of 18 will still be possible—the Government are just bringing those into the mainstream tax rules at 18. All

the organisations quoted, including the Legal and General, say that the tax charge is not enough to stop people setting up a life insurance policy. The Government therefore reject statements that the provision might affect millions of people. We recognise how important trusts are, but we believe that the tax system should not apply artificial incentives for setting them up.

Many Members referred to the home computer initiative and to clause 61, which removes the tax exemption. With effect from 6 April, a tax charge will arise on computer equipment made available by employers to their employees for private use. It will not, however, change the position for an employee who has been provided with computer equipment solely for business purposes and where private use is not significant.

The hon. Member for South-West Hertfordshire (Mr. Gauke) raised specific points relating to European Court of Justice rulings. In addition to what I have already said, I reassure him that we will continue to defend UK tax law against challenges before the ECJ. We will keep the tax regime under review. There are good grounds to defend UK tax law consistent with our objectives. We have every reason to believe that we will continue to be able to do that.

My hon. Friend the Member for Northampton, North (Ms Keeble) asked a series of questions with regard to charities. She sought an assurance with regard to specific clauses. I reassure her that the three measures to defend charitable reliefs against misuse do precisely that—the rules are targeted on areas of misuse, and charities using the reliefs correctly will not be affected. To give her further reassurance, the Charity Finance Directors Group has said that it believes that it is essential that the charity brand is protected and not tainted by association with tax avoidance schemes. The Charities Tax Reform Group strongly welcomed the introduction of measures to prevent the exploitation of tax reliefs for charities by donors of large amounts, to their benefit. *[Interruption.]* [HON. MEMBERS: "Give way."] I can tell by the noise in the Chamber, as I am sure that you can, Mr. Speaker, how riveted Members are by discussion of the Finance Bill. I therefore look forward to seeing them all in Committee.

Mr. Redwood: Will the Paymaster General give way?

Mr. Speaker: Order. The right hon. Lady is not going to give way.

Dawn Primarolo: This Government have built a strong and stable economy. It is this Government who are committed to continuing long-term stability and improving the environment in which we live. It is this Government who have created strong public finances and a stable economy, so that the United Kingdom is competitive in the international marketplace, so that families are supported and children lifted out of poverty, and so that there is employment opportunity for all. It is against that background that the Finance Bill introduces further changes to ensure that the British tax system remains fair and responsive to business needs, and maintains the sound economic position created by the Government.

The Bill represents the intentions and actions of a Government who deliver, compared to an Opposition who simply posture. I commend it to the House.

Question put, That the amendment be made:—

The House divided: Ayes 199, Noes 289.

Division No. 214] **[10.5 pm**

AYES

Afriyie, Adam	Goldsworthy, Julia
Ainsworth, Mr. Peter	Goodman, Mr. Paul
Alexander, Danny	Goodwill, Mr. Robert
Amess, Mr. David	Gove, Michael
Ancram, rh Mr. Michael	Grayling, Chris
Arbuthnot, rh Mr. James	Green, Damian
Atkinson, Mr. Peter	Greening, Justine
Bacon, Mr. Richard	Greenway, Mr. John
Baldry, Tony	Gummer, rh Mr. John
Barker, Gregory	Hague, rh Mr. William
Baron, Mr. John	Hammond, Mr. Philip
Barrett, John	Hands, Mr. Greg
Beith, rh Mr. Alan	Harper, Mr. Mark
Bercow, John	Hayes, Mr. John
Binley, Mr. Brian	Heald, Mr. Oliver
Blunt, Mr. Crispin	Heath, Mr. David
Bone, Mr. Peter	Heathcoat-Amory, rh Mr. David
Boswell, Mr. Tim	Hemming, John
Brady, Mr. Graham	Hendry, Charles
Brazier, Mr. Julian	Hermon, Lady
Breed, Mr. Colin	Hoban, Mr. Mark
Brooke, Annette	Hogg, rh Mr. Douglas
Browning, Angela	Hollobone, Mr. Philip
Burns, Mr. Simon	Holloway, Mr. Adam
Burrowes, Mr. David	Holmes, Paul
Burstow, Mr. Paul	Horam, Mr. John
Burt, Alistair	Horwood, Martin
Burt, Lorely	Hosie, Stewart
Cable, Dr. Vincent	Howarth, David
Campbell, rh Sir Menzies	Howarth, Mr. Gerald
Carmichael, Mr. Alistair	Hughes, Simon
Carswell, Mr. Douglas	Huhne, Chris
Chope, Mr. Christopher	Hunt, Mr. Jeremy
Clark, Greg	Hurd, Mr. Nick
Clarke, rh Mr. Kenneth	Jack, rh Mr. Michael
Clifton-Brown, Mr. Geoffrey	Jackson, Mr. Stewart
Cormack, Sir Patrick	Kawczynski, Daniel
Cox, Mr. Geoffrey	Kennedy, rh Mr. Charles
Curry, rh Mr. David	Key, Robert
Davey, Mr. Edward	Laing, Mrs. Eleanor
Davies, Philip	Lamb, Norman
Davies, Mr. Quentin	Lancaster, Mr. Mark
Davis, rh David *(Haltemprice and Howden)*	Laws, Mr. David
	Leigh, Mr. Edward
Djanogly, Mr. Jonathan	Letwin, rh Mr. Oliver
Dorrell, rh Mr. Stephen	Lidington, Mr. David
Dorries, Mrs. Nadine	Lilley, rh Mr. Peter
Duddridge, James	Loughton, Tim
Duncan, Mr. Alan	Luff, Peter
Duncan Smith, rh Mr. Iain	Maclean, rh David
Dunne, Mr. Philip	Main, Anne
Ellwood, Mr. Tobias	Malins, Mr. Humfrey
Evans, Mr. Nigel	Maples, Mr. John
Fallon, Mr. Michael	Maude, rh Mr. Francis
Field, Mr. Mark	McIntosh, Miss Anne
Forth, rh Mr. Eric	McLoughlin, rh Mr. Patrick
Foster, Mr. Don	Miller, Mrs. Maria
Fox, Dr. Liam	Milton, Anne
Francois, Mr. Mark	Mitchell, Mr. Andrew
Fraser, Mr. Christopher	Moore, Mr. Michael
Gale, Mr. Roger	Moss, Mr. Malcolm
Garnier, Mr. Edward	Mulholland, Greg
Gauke, Mr. David	Murrison, Dr. Andrew
Gibb, Mr. Nick	Newmark, Mr. Brooks
Gidley, Sandra	O'Brien, Mr. Stephen

Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Mr. Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Jb
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Sammy
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Angela Watkinson and
Michael Fabricant

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Cooker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
Davidson, Mr. Ian
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Engel, Natascha
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Iranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Lloyd, Tony
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Mallaber, Judy
Mann, John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Primarolo, rh Dawn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda

Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Mr. Frank Roy and
Mr. Dave Watts

Question accordingly negatived.

Main Question put forthwith, pursuant to Standing Order No. 62 (Amendment on second or third Reading):—

The House divided: Ayes 288, Noes 199.

Division No. 215] **[10.21 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
Davidson, Mr. Ian
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Engel, Natascha
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Lloyd, Tony
Lucas, Ian
MacDougall, Mr. John
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Mallaber, Judy
Mann, John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim

Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Oliver, Mr. Bill
Osborne, Sandra
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Primarolo, rh Dawn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stuate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Ayes:
Mr. Frank Roy and
Mr. Dave Watts

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Mr. Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Fallon, Mr. Michael
Field, Mr. Mark
Forth, rh Mr. Eric
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Laing, Mrs. Eleanor
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Mr. Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Sammy
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Noes:
Michael Fabricant and
Angela Watkinson

Question accordingly agreed to.

Bill accordingly read a Second time.

Ordered,

That,

(1) Clauses 13 to 15, 26, 61, 91 and 106, Schedule 14, and new Clauses relating to the effect of provisions of the Bill on section 18 of the Inheritance Tax Act 1984 shall be committed to a Committee of the whole House;

(2) the remainder of the Bill shall be committed to a Standing Committee;

(3) when the provisions of the Bill considered, respectively, by the Committee of the whole House and by the Standing Committee have been reported to the House, the Bill shall be proceeded with as if it had been reported as a whole to the House from the Standing Committee.—*[Mr. Bob Ainsworth.]*

Committee tomorrow.

FINANCE (NO. 2) BILL

Ordered,

That, during the proceedings on the Finance (No. 2) Bill, the Standing Committee on the Bill shall have leave to sit twice on the first day on which it shall meet.—*[Mr. Bob Ainsworth.]*

COMMITTEES

Mr. Speaker: I have motions 3 to 8 to put before the House. If it is convenient, I will take them together.

Ordered,

HEALTH

That Mr Paul Burstow be discharged from the Health Committee and Sandra Gidley be added.

HOME AFFAIRS

That Nick Harvey be discharged from the Home Affairs Committee and Bob Russell be added.

TREASURY

That Lorely Burt and Susan Kramer be discharged from the Treasury Committee and John Thurso and Mr Colin Breed be added.

FINANCE AND SERVICES

That Andrew Stunell be discharged from the Finance and Services Committee and Mr Paul Burstow be added.

PUBLIC ACCOUNTS

That Stephen Williams be discharged from the Public Accounts Committee and Annette Brooke be added.

PUBLIC ADMINISTRATION

That Julia Goldsworthy be discharged from the Public Administration Committee and Paul Rowen be added.—*[Mr. Bob Ainsworth, on behalf of the Committee of Selection.]*

PETITION

Canvey Calor Gas Site

10.35 pm

Bob Spink (Castle Point) (Con): I present a petition against the terminal on Canvey island for the importation of liquefied natural gas that is signed by almost 10,000 people. We must have a public inquiry into this as soon as possible, and we can accept no increase in risk for Canvey people—*[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. We have business to deal with. Will hon. Members please leave the Chamber quickly and quietly?

Bob Spink: Thank you, Sir.

Political dirty tricks were used by some councillors to stop other councillors from speaking for their residents on the issue, which was against the spirit of democracy and deeply offended decent Canvey people.

The petition states:

To the House of Commons

The Petition of the residents of Canvey Island and surrounding areas, compiled by Dave Blackwell, Christine Andrews and others on behalf of the Canvey Island Independent Party and for the people of Canvey.

Declares that the Petitioners are deeply concerned about the proposal to change the use of the Canvey Calor Gas site to import 5 per cent. of the UK's total national energy consumption in the form of LNG from ships and we wish to object to this proposal in the strongest possible terms, particularly in view of the residential properties and schools in the vicinity and the dangers from flooding or an accident such as occurred at Buncefield.

The Petitioners therefore request that the House of Commons call upon the Government to urge Castle Point Borough Council to reject the application as soon as possible so the matter can be dealt with, if an appeal is lodged, through a full public inquiry.

And the Petitioners remain, etc.

To lie upon the Table.

Cash Deliveries

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watson.]*

10.37 pm

Mr. Ian Austin (Dudley, North) (Lab): I would like to thank you, Mr. Deputy Speaker, for allowing me to raise the issue of the prevention of attacks on cash delivery crews. It should be an issue of the utmost importance to all hon. Members on both sides of the House because violent and terrifying attacks are happening to our constituents up and down the country.

I am delighted that the Under-Secretary of State for the Home Department, my hon. Friend the Member for Leigh (Andy Burnham), is on the Front Bench and look forward to his response to the debate. I am aware that one of his ministerial colleagues met a delegation from the GMB, the British Security Industry Association and Group 4 Securicor a few months ago. I am also delighted that the Lord Commissioner of Her Majesty's Treasury, my hon. Friend the Member for West Bromwich, East (Mr. Watson), is in his place on the Front Bench. Although he is unable to speak in the debate, I know of his deep personal interest in the matter and how tirelessly he has campaigned behind the scenes to raise the issue and press for action. As I am sure the Minister knows well, he is not a man to be messed with.

My hon. Friend the Member for West Bromwich, East is not alone. There has been considerable parliamentary interest in the matter. An early-day motion on combating cash delivery crime has received cross-party support and currently has almost 100 signatories. Several written parliamentary questions have been tabled on cash-in-transit—or CIT, as it is known—crime. Despite meetings with the Minister and further recent media attention aroused by high-profile raids, such as the recent attack on the Securitas cash depot in Tonbridge, the problem persists and the violence continues.

It is worth setting out several details about the CIT industry. Its operations are vast, with an estimated £500 billion being transported around the country every year in a fleet of 4,000 vehicles, which represents about £1.4 billion every day. The industry is also a significant employer, with more than 14,000 people having jobs in the sector. CIT crews ensure that cash is efficiently recycled and redistributed in the economy to maintain the liquidity of the nation. Our lives would be very different and severely disrupted if crews were unable to undertake their deliveries for only a few days.

Members will remember the fuel protests in September 2000, when the whole nation ground to a halt. We would face a similar situation were it not for the men and women who transport the cash we all rely on every day. They make sure that we have cash in our pockets, that shops and banks are able to open in the morning and that wages can be paid. Because of the fear of copycat crime, the serious threats that couriers face as they go about their vital job are rarely reported in the media, and we need to develop a better understanding and awareness of the problem. These men and women are performing a service vital to the interests of the public and the UK economy. In fact, it shares similarities with the postal service. CIT is the only private sector service covered by the Civil Contingencies Act 2004.

CIT attacks are escalating, both in number and in severity. In 2005, there were 836 attacks in the UK. Of these, more than 200 involved a firearm, and 170 couriers were injured. Worse still, these statistics represent a marked increase on recent years, with a rise of 10 per cent. in attacks since 2004 and an increase of a fifth on the figures for 2003. There were 26 life-threatening or disabling injuries last year. Industry employees, many of whom are GMB members, suffered stabbings, pistol whippings, severe beatings and broken bones, not to mention the post-traumatic stress that resulted. In the most extreme cases shootings take place and members of the public can sometimes be drawn into the violence. Last year, there were six shootings, and one of the victims was a member of the public. In February 2004, a member of the public was tragically shot and killed during an attack in Birmingham. In the first quarter of this year, I am afraid to tell the House, there has been a 12.5 per cent. rise in attacks, and the industry forecasts that there will be more than 1,000 attacks during the year.

In attack hotspots such as the Greater Manchester police area, the increase has been even more marked. In the first quarter of last year there were 27 attacks; in the first quarter of this year there were 38. In the Metropolitan police area, attacks have almost doubled, rising from 37 to 72 in the same two quarters. The Met's detection rate in 2005 was 14 per cent. In Merseyside, as a result of a successful crackdown, the number of attacks has fallen, from 37 in the first quarter of last year to 19 in the first quarter of this year.

Workers injured in such attacks are often unable to return to work and are forced to claim incapacity benefit. I would like to draw the attention of the House in particular to the case of Colin Baker from the black country, who worked in the industry for 16 years until he was shot in the leg while making a delivery.

Lynda Waltho (Stourbridge) (Lab): I was present when Mr. Colin Baker came here with a delegation from the GMB last month and described that horrific attack. He described not only the physical problems but the effect that the incident had on his confidence and, tellingly, on his family. In fact, they became victims as much as he was. That is a forgotten cost of such crimes.

Mr. Austin: My hon. Friend is absolutely right. Anybody who has listened to Colin Baker could not fail to be moved by his experiences and suffering. He was left permanently disabled and unable to work as a result of what happened.

The following is typical of the more violent attacks of recent months. It is a verbatim account from a report provided by Group 4 Securicor following an attack in Birmingham last August. It says:

"The courier was returning to the vehicle with an empty box when the two attackers shouted 'Give me the money'. The attacker with the revolver attacked the courier, dragging him to the back of the van, and the driver heard his colleague say 'Give them the money'. A retired West Midlands Police Detective Inspector came to the couriers' aid. In the melee that followed four or five shots were fired by the attacker with the firearm. The courier was shot in his right foot and the retired police detective was shot in the thigh."

As my hon. Friend said, the physical effects of these attacks on staff and the public are obvious, but the psychological scars of such terrifying ordeals can take

much longer to heal. Understandably, morale within a depot can be badly affected, and this in turn can compromise the ability to carry out cash deliveries successfully.

The industry has worked hard to make armoured vans as unattractive a target as possible to potential attackers, and £100 million is spent each year on security support. The industry is striving to keep its employees and the public as safe as possible using technologies such as smoke boxes, onboard CCTV, biometrics and dye.

Mr. Michael Foster (Worcester) (Lab): Will my hon. Friend congratulate the British Security Industry Association, based in my constituency, and the GMB union, of which I am proud to have been a member for 20 years, on the way in which they have come together on this campaign to focus on the fact that these crimes that he so graphically describes are indeed crimes against the person, not strictly commercial crimes in which there somehow is no victim? It is that human side that my hon. Friend has described that we need to press on those in authority to do something more about.

Mr. Austin: My hon. Friend is right. It is encouraging to see employers represented by the industry body and the trade unions, which are working so well in partnership.

Mr. Jim McGovern (Dundee, West) (Lab): Does my hon. Friend agree that whereas the trade unions and the employers are frequently portrayed as being on opposite sides of the fence, in this case their aims and aspirations, and I hope the outcome, suggest that they have a similar approach?

Mr. Austin: My hon. Friend is right. We have a great example of trade unions and the industry working in partnership to improve the situation for all those concerned.

The industry has established a national security intelligence unit. It will draw together police and intelligence from throughout the UK to combat CIT crime. In addition, there is security industry authority licensing to standardise security training.

There are deeper ramifications of a single attack that may not be immediately apparent. Money stolen in CIT attacks is a major source of funding for serious organised crime, which reaches into a much wider range of crimes. A recent industry study has shown that one attack can be connected to 15 other offences, often of a serious nature. These can include the violent theft of motor vehicles to use in the attack, firearms and other weapon offences, money laundering and other related crimes. CIT vans are seen as an easy way for gangs to fuel their criminal networks.

My region, the west midlands, is considered by the industry to be one of the areas targeted by these criminals, along with Northern Ireland, Greater Manchester, Merseyside, Greater London and west Yorkshire. There have already been 21 attacks in the region during the first quarter of 2006. The GMB, the British Security Industry Association and Group 4 have been working closely together to bring this problem to our attention, and I congratulate them on their efforts.

Steps have been taken to deter people from carrying guns. The Government have acted on this. Under the Criminal Justice Act 2003, anyone convicted of unlawful possession of a prohibited firearm will be jailed for a minimum of five years. Further action is required to ensure that this problem is tackled.

While I felt that some of the coverage of the attack on the Tonbridge depot was inappropriately light-hearted, I welcomed the media focus on the violent attacks suffered by the CIT industry and the couriers. Too often the crime is seen as a victimless one, sometimes because of the almost incomprehensible sums of money involved. First, we need the Home Office to recognise the particular nature of this sort of crime.

I believe that CIT crime needs to be classified on a consistent basis by all police forces. We currently have a situation where police forces record the crime in different ways, which is at odds with the industry's unified approach. By achieving consistency across constabularies we would be in a much better position to combat crime throughout the UK.

In addition, there is a need for further thought on classification of the crime to reflect the severe human costs of these horrifying attacks. I would argue that CIT crime is not purely commercial robbery, nor is it personal theft. This classification dichotomy needs to be resolved and I would ask the Minister to give an undertaking to take this process forward.

Departments, such as the Office of the Deputy Prime Minister, could look to join up policy on this issue. All too often, couriers are forced to carry out their deliveries in high-risk environments. Stories abound of them having to walk hundreds of yards between their vans and the banks because of the pedestrianisation of high streets, and of having to queue in bank queues, cash delivery case in hand, because there is no special access.

Cutting out these crimes must involve changes to planning laws to engineer in safe cash handling methods in shopping centres, banks and multiple retail outlets. CIT vans must be granted special access through the increasing number of pedestrianised high streets. Why should they not, for example, be given similar access to the emergency services? Will the Minister consider meeting his colleagues within the ODPM to discuss joining up policy in this area? The CIT attack problem demands cross-departmental solutions. I look forward to his comments on how the Government will produce safer environments for the transfer of cash.

High street banks and retail chains also have a role to play to ensure that when CIT crews are operating on their property, risk is minimised. I understand that talks between the CIT industry and the British Bankers Association have already taken place. I hope that further progress can be made on this issue.

Industry experience suggests, unsurprisingly, that CIT attacks can be reduced significantly when they are seen as a high priority by the local police force. Before Christmas, for example, the West Midlands police force operated a system to combat CIT robberies through the shadowing of vehicles. Merseyside police has implemented a similar initiative, known as "Operation Matrix", which also combats these crimes through the overt targeting of suspects and offenders involved in the attacks. That initiative was implemented after the review of gun crime by the chief constable, and it is part

[Mr. Austin]

of a wider strategy to combat serious organised crime in the area. Following its introduction in April 2005, Merseyside police reported a 44 per cent. reduction in CIT attacks in the first six months. Although the success of that operation is encouraging, there is often an inconsistent approach across police forces. Will the Minister agree to attend an industry stakeholder conference to share police and industry best practice on tackling the issue, as the police play a key strategic and operational role in the fight against the crime? The approach by different forces must be joined up, as is the case for relevant Government Departments.

Ed Balls (Normanton) (Lab): I congratulate my hon. Friend on raising the profile of the issue, but does he agree that as well as recognising the risk run by those workers, the Government must act to protect them? Members of the GMB, the Trade and General Workers Union and other unions deserve not only protection but recognition of the vital public service that they offer on a daily basis.

Mr. Austin: My hon. Friend is right to say that it is important that we recognise the key role played by those workers, without whom our economy could not function efficiently.

All parties have welcomed the principle of the Serious Organised Crime Agency, which was launched at the beginning of the month. As I have said, money stolen in CIT attacks is a major source of funding for serious organised crime. SOCA clearly plays a role in combating CIT crime, but can the Minister provide further clarification? SOCA's role as a force without borders is particularly important, as gangs often operate in more than one area, especially if one force cracks down on the problem. In such cases, SOCA's expertise is much needed.

I am grateful for the opportunity to raise those issues, and I look forward to the Government continuing to tackle the problem. Every day, thousands of extremely brave men and women drive around the UK in armoured vans, providing an essential service to the public. They are largely unnoticed, but they keep our economy moving. We must prevent cash point or automated teller machine services from being withdrawn from some of our largest cities.

Mr. John MacDougall (Glenrothes) (Lab): Does my hon. Friend agree that this is not just about finance? It is equally important that organisations adopt a strategic approach and work together closely to achieve the objectives that he has expressed.

Mr. Austin: Absolutely. Just as the industry and the unions have worked together closely, so Government Departments must work closely with them to achieve those outcomes.

We must prevent cash point and ATM services from being withdrawn from some of our largest cities because such crimes have not been tackled. Machines would run out of cash and the liquidity in the economy would suffer. This is a civil contingency matter and I seek solutions from the Minister to protect CIT crews. The industry faces increases in violent crime committed by some of the country's most ruthless and violent criminal gangs, so thousands of brave men and women need to know that the Government, the police service and local councils are on their side.

10.53 pm

The Parliamentary Under-Secretary of State for the Home Department (Andy Burnham): I congratulate my hon. Friend the Member for Dudley, North (Mr. Austin) on securing this important debate and making some constructive and sensible proposals with which I shall attempt to deal. As a Greater Manchester MP, I know that the issues that he has raised are extremely serious. In recent years, I have looked at them closely, and I acknowledge that he speaks with authority and conviction. I thank colleagues who have stayed to hear our debate, as the level of attendance shows the importance of the issues.

As my hon. Friend rightly said, the recent rises in attacks on cash-in-transit deliveries are, indeed, a cause for concern, particularly given their effect on security staff and their families. That was brought into focus for a wider audience by the reports in February of the raid on the cash-handling depot in Tonbridge, Kent, and the distressing circumstances that staff and their families had to endure. My hon. Friend was right that we do not always think of staff in those sectors as front-line public servants, but they do indeed provide a valuable public service, as he said. We all expect cash machines to be full and the economy to function, and those individuals put themselves at personal risk to provide those services. My hon. Friend is absolutely right to say that we owe it to them to work to ensure that they have adequate protection in going about their business.

That concern is shared by the Government, so much so that the Minister for Policing, Security and Community Safety recently met representatives from the security industry, the GMB union and the British Security Industry Association. It is generally agreed by those who attended the meeting that it was a very productive one that set the foundations on which we can build a very solid response.

I should like at this point to pick up on the helpful comment made by my hon. Friend the Member for Worcester (Mr. Foster) in saying that I, too, congratulate the GMB, Group 4 and the British Security Industry Association on bringing forward a positive partnership that we hope can deliver real, practical benefits for the people who provide this important service. The important point is that this is about partnership, and all the links in the chain doing their bit and working together to ensure that we have a system that functions well. I welcome the partnership, which I believe has a reception in the House on 27 June. I hope that colleagues here will be present to support it, and I shall certainly make every effort to attend.

My hon. Friend the Member for Dudley, North mentioned our hon. Friend the Member for West Bromwich, East (Mr. Watson), who has now left his place, and rightly said that our hon. Friend is adept at getting his point over, as he certainly has done with me; indeed, he has raised serious points, especially from a constituency point of view, and I shall take forward the issues that he has raised.

The Government find any crime that involves violence or guns unacceptable, and we are sending a strong message that such crime has no place in the community or on the street, and that perpetrators can expect to receive considerable custodial sentences. In an age that is so often characterised as the age of plastic, it is remarkable that the need for cash is so high. Of course, it is that service that the workers about whom my hon. Friend has spoken so well are providing.

Some £1.4 billion in cash is moved daily around the country in approximately 4,500 vehicles. As my hon. Friend rightly said, in 2005, there were 836 attacks on couriers, and firearms were present in just over 26 per cent. of those attacks. Those figures represent a 10 per cent. increase on 2004 and a 20 per cent. increase on 2003. Perhaps that explains why we are here discussing the issue this evening.

To understand how we can respond effectively, we need to put the matter into some context. My hon. Friend has provided a comprehensive set of statistics that show how the incidence of cash-in-transit attacks has risen over the past few years, but if we look at the overall context of crime, we see that such crimes represent less than 1 per cent. of all recorded crime. However, that does not diminish our view of the problem.

As the Minister for Policing, Security and Community Safety stated at her recent meeting, we appreciate and understand the predicament of the security industry, the GMB union, and staff and members alike. The key point of my hon. Friend's debate is preventing attacks on cash-in-transit deliveries. To focus on that issue, we must understand some key features of this type of crime.

As my hon. Friend said, levels of violence during such attacks have, sadly, increased in recent years. Historically, such robberies have always been described by the public as armed robberies and a level of violence has generally been used in these attacks. However, that is not a position that we will tolerate, and we are determined to address it on a number of fronts. What available research there is suggests that perpetrators of cash-in-transit attacks are professional and organised in their approach, and have a higher status among the criminal fraternity. These are not opportunistic crimes; they are generally researched, planned and seen by criminals as lucrative.

There is a common misconception that such crimes are carried out against companies that can "afford" to suffer the losses, and they are often seen as victimless crimes, but as my hon. Friend has illustrated, there is a human effect, which the criminal ignores. Let me be clear, however, that that is not a misconception that the Government hold. We recognise the human element of the crime and we expect the criminal justice system to apply the appropriate sentence available.

Let me respond to some of the detailed points that my hon. Friend made. The security industry and the GMB union have been calling for reclassification of cash-in-transit attacks from business crime to crimes against a person. Their belief is that such reclassification of the crime would lead to greater penalties. The Government believe that such crimes are very much crimes against people, and the sentencing framework demonstrates how seriously they are regarded. The maximum sentence for robbery is life imprisonment. In cases in which a member of staff is seriously injured or killed in the course of a robbery, the sentence imposed would be life, with a recommendation that the minimum period served would be 30 years.

My hon. Friend asked me directly to address whether we should reclassify the crime in order to bring out more accurately its true cost and have police forces focus on it. We will examine that issue, and I am sure that my right hon. Friend the Minister for Policing, Security and Community Safety will continue to give the matter extremely careful consideration in taking forward the dialogue that she is having with the groups involved in the campaign. However, I assure my hon. Friend that that matter is under active consideration.

My hon. Friend raised the need to make cash-in-transit attacks a police priority. Policing priorities are made at force level in conjunction with police authorities. If targeting cash-in-transit attacks is seen by forces as being an important contributor to achieving a reduction in overall crime, local forces will make them a priority. We will be encouraging forces with higher rates of CIT crime to look at how they are tackling the problem and making them aware, in conjunction with the Association of Chief Police Officers, of the best approaches and tactics.

As my hon. Friend has said, there are several examples of tactics to address CIT crime that can be effectively applied by police forces, and we will look at how we can make sure that that knowledge is available to all police forces and crime and disorder reduction partnerships. My hon. Friend has mentioned the example of Merseyside, and I, too, pay tribute to that approach, which has been extremely successful in reducing such attacks. I refer him to a successful operation in my police force area, Operation Hawkeye, which involved the surveillance of cash deliveries and successfully disrupted the activities of gangs that engage in such attacks. I am aware that other examples exist, and we need to build on good practice. With the move to larger, more strategic police forces, we believe that the police will have the resources to go after that kind of crime. They will be able to focus on the pattern of crime and understand the networks behind it, which will be another reason for the police force to move in that particular area.

My hon. Friend has asked whether I am prepared to attend a stakeholder conference. It may be better for my right hon. Friend the Minister for Policing, Security and Community Safety to undertake that task, but I assure him that we will engage with that suggestion at a ministerial level, and I assure him that a Home Office Minister will attend the conference and give the initiative the importance that it deserves.

Although the level of gun crime in England and Wales is relatively low, we recognise the terrible effect that such offences have on families and communities. Gun crime remains concentrated largely in three areas, and around two thirds of firearms offences occur in the areas covered by just three metropolitan police forces—the Metropolitan police area, the Greater Manchester police area and, as we have heard, the west midlands—and perhaps it is no coincidence that those areas have the highest incidence of

[Andy Burnham]

cash-in-transit attacks. There is no room for complacency, but the measures that we have introduced to tackle gun crime have been effective. We will continue to maintain a close eye on developments to see whether we need to introduce further measures.

My hon. Friend has mentioned the need to design out crime, which relates to the role that town planning can play in minimising the scope for such attacks. Again, that illustrates the need for the widest possible partnership in that area to ensure that every link in the chain is thinking about the potential problems. Section 17 of the Crime and Disorder Act 1998 requires all local authorities to exercise their functions with due regard to the likely effect on crime and disorder and do all that they reasonably can to prevent crime and disorder. Designing out crime should therefore be central to the planning and delivery of new developments, which is a key message in the joint Office of the Deputy Prime Minister-Home Office publication "Safer Places: The Planning System and Crime Prevention", which provides guidance on the layout of all buildings and spaces to reduce the risk of crime and urges planners, designers, crime prevention practitioners and police to work together to develop solutions from an early stage in the design process.

It is not just a question of big issues such as designing out crime—it is also about the practical things. Are we helping the teams who deliver to our town centres the cash on which local economies depend? As my hon. Friend said, that is a civil contingency matter. Are we making it as easy as possible for them? Are we giving them access to the pedestrianised zones of our town centres? When they arrive at a location with cash, are we speeding it through the branch? Are we doing all that we can to minimise delays in the system so that we minimise the scope for attack? We can all look again at those aspects to see whether we can bear down further.

CCTV has a major role to play. The Government have made a major investment in CCTV. A total of £170 million of Home Office capital funding was made available to crime and disorder reduction partnerships. As a direct result of that funding, more than 680 CCTV schemes, which are a known deterrent to cash-in-transit attacks, were installed in town centres. I am pleased to report that progress to my hon. Friend, but of course there is always more that we can do to take matters forward.

My hon. Friend mentioned the Serious Organised Crime Agency. He is right to mention the link with serious and organised crime. SOCA was set up with effect from 1 April. Its initial priorities, as set by the Home Secretary, are to tackle class A drugs trafficking and people-smuggling. However, there is clearly a link with such crimes, and I am sure that as SOCA develops its role and becomes more established, there will be efforts to bear down on the gangs and networks perpetrating them. I am sure that what my hon. Friend has said will be heard by those working in SOCA and that we will see some progress soon.

I thank my hon. Friend for raising the profile of these issues—not before time, I might say. I congratulate the GMB union, which, in conjunction with the industry, has launched a valuable and constructive partnership. My hon. Friend was right to draw attention to that in raising the issues that directly affect men and women working on the streets of Britain day in, day out. I hope that I have been successful in demonstrating that the Government take those issues seriously. We have put in place a range of measures to deal with the problem, but more can be done. I am sure that by working in partnership with all the relevant players, we can reduce these violent attacks.

The motion having been made after Ten o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at seven minutes past Eleven o'clock.

House of Commons

Tuesday 25 April 2006

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

DEATH OF A MEMBER

Mr. Speaker: I regret to report to the House the death of Peter John Law, Esquire, Member for Blaenau Gwent. I am sure that Members on both sides of the House will join me in mourning the loss of a colleague and extending our sympathy to the hon. Member's family and friends.

Oral Answers to Questions

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

China/Tibet (Human Rights)

1. **Helen Goodman** (Bishop Auckland) (Lab): If he will make a statement on the human rights situation in China. [65116]

6. **Norman Baker** (Lewes) (LD): What recent assessment he has made of the observation of human rights in (a) China and (b) Tibet. [65122]

The Minister for Trade (Ian Pearson): I would like to associate Government Members with your comments on the passing of Peter Law, Mr. Speaker.

The Government have serious concerns about a wide range of human rights issues in China and Tibet which are set out in the Foreign and Commonwealth Office annual human rights report. Although China has done much in recent years to reduce poverty and promote economic development, we believe that it needs to make substantive progress on human rights and implement serious political reforms to match its economic development.

Helen Goodman: I am grateful to the Minister for his reply. He will be aware that British surgeons have condemned the utterly repellent practice of selling the organs of prisoners executed in China. Of course, he is not responsible for that, but we should not collude with it. Will he consider introducing legislation to make it illegal for British citizens to buy organs, as we have introduced similar legislation to tackle child prostitution?

Ian Pearson: The Government are aware of reports of organ harvesting from Chinese prisoners, but we have not seen any evidence to substantiate those reports. As for allegations by Falun Gong in particular, the Chinese Ministry of Foreign Affairs, has denied them and called the so-called organ trade "a lurid falsehood." We will continue to express concern about human rights abuses and about the organ harvesting of death row prisoners in China. I raised such concerns with the Vice-Foreign Minister, Zhang Yesui, earlier this month.

Norman Baker: I entirely endorse the comments of the hon. Member for Bishop Auckland (Helen Goodman). The fact that the Chinese Government called it "a lurid falsehood" does not mean that it is not is happening. In Tibet, where China is the occupying power, what are the Government doing to ensure that the religious freedoms that ought to be enjoyed by the Tibetans are observed by the Chinese Government? In particular, what is the Minister doing to secure the release of the proper Panchen Lama, as opposed to the puppet whom the Chinese installed in his place?

Ian Pearson: We regularly raise the issue of religious freedoms in Tibet with the Chinese authorities, and I raised it earlier this month on my most recent visit to China. Religious freedom was a major issue in the EU-China human rights dialogue in October last year. We regularly urge the Chinese Government to engage in serious negotiations with the Dalai Lama and his representatives without preconditions to try to build a peaceful, sustainable and legitimate solution for Tibet. I am pleased that talks took place in China in February. We welcome the fact that both sides confirmed their continuing commitment to dialogue, and we are keen to encourage progress on that.

Mr. Lindsay Hoyle (Chorley) (Lab): The Minister is absolutely right, but the time has come for us to stand up to China. The EU and other countries should tell China that it is unacceptable to suppress Christianity, other religions and trade unions. Tibet is still occupied, and its people are still subject to unacceptable repressions. Can we work with our friends and allies in the EU to say that the situation is not acceptable and that things must change now, rather than being the best friend?

Ian Pearson: As I have said, we regularly raise the issues of Tibet and religious freedom, as well as expressing concern about China's extensive use of the death penalty. We are concerned not just about freedom of religious belief but about freedom of expression and association. We believe that the best way of raising serious concerns about human rights abuses is through human rights dialogue, and we actively engage in both the UK-China human rights dialogue and the EU human rights dialogue. As I said, we raised the issue of religious freedom very strongly with China in the EU human rights dialogue last October.

Iran

2. **Jeremy Wright** (Rugby and Kenilworth) (Con): If he will make a statement on Iran's nuclear programme. [65118]

3. **Mr. Lee Scott** (Ilford, North) (Con): What recent assessment he has made of Iran's nuclear programme; and if he will make a statement. [65119]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): In its statement of 29 March the Security Council set out what Iran must do to meet the requirements of the board of governors of the International Atomic Energy Agency, including the suspension of all enrichment, reprocessing and related activities. However, on 11 April President Ahmadinejad of Iran announced that Iran had enriched uranium and would expand its centrifuge cascades. The IAEA director general will report again in a couple of days, on 28 April, and the Security Council will then consider the way ahead.

The issue is not whether Iran has a right to the use of civil nuclear power—it does—but whether it is misusing its nuclear programme to create a nuclear weapons capability, to which it has no right whatever. Iran needs to understand that its increasingly belligerent stance serves only to isolate it further and to stiffen the resolve of the international community. Statements like that of President Ahmadinejad yesterday describing the freely elected and democratic Government of Israel as a "fake regime" which

"cannot logically continue to live"

are outrageous and serve only to undermine further the confidence of the international community in the Iranian regime.

Jeremy Wright: Does the Foreign Secretary accept that it looks increasingly likely that uranium enrichment is continuing in Iran? It is equally likely that the Iranian Government will not restrict the use of that technology to non-military purposes. In those circumstances, can the right hon. Gentleman confirm to the House that the Government will take all necessary steps to prevent nuclear weapons from falling into the hands of the Iranian regime?

Mr. Straw: There is not much doubt that the Iranian Government are continuing to enrich uranium. There is a question—it is at the heart of the argument—about Iran's intentions. I have been through this on many occasions. There is a high level of suspicion about Iran's intentions, caused by over 18 years of failure to disclose to the IAEA board what it was doing. Subsequently the inspectors have discovered research on, for example, plutonium and polonium, which has mainly military uses, and have discovered a manual from A. Q. Khan on how to manufacture depleted uranium hemispheres, which again have only a military application. There is no absolutely conclusive evidence, but given the refusal so far by Iran—the onus is on it—to satisfy the international community that it is living up to its obligations, we are pursuing the resolution of the matter by diplomatic means, and the whole world is united in that. Diplomatic means include action in the Security Council under article 41, which we are taking. At each stage, as I have said before, Iran has miscalculated, thinking that if it tests the patience of the international community, the international community will divide. At each stage Iran has made the wrong calculation, and the international community has come closer together.

Mr. Scott: The United States has called on Russia to cease its support for the Iranian nuclear reactor at Bushehr and for the Iranian nuclear programme in general. What is the Government's position on that?

Mr. Straw: We have not made a final decision about the demands that we make to Russia. It is clear that Russia has co-operated well, particularly recently, in arriving at agreed positions in respect of Iran, after many months of abstaining on resolutions in the board of governors. At the crucial board of governors meeting on 4 February, Russia and China voted to report the matter to the Security Council. They also supported the presidency's statement in the Security Council on 29 March. If we are to continue with effective pressure on Iran, we must have Russia and China with us, but it must be tough pressure as well. So far we are achieving that.

Mike Gapes (Ilford, South) (Lab/Co-op): I agree with the Foreign Secretary's condemnation of the statement by the Iranian President. Does he accept that the Iranian President is not necessarily in a strong position domestically, and that there is a level of pluralism and opposition to some of his policies? Does he agree that when we confront Iran, we should do so in a way that strengthens the voice of Opposition forces in that country, rather than pulling them all behind the regime, which is not necessarily popular?

Mr. Straw: We should certainly seek to reach out to the Iranian people as a whole. Nobody else around the world would describe Iran as a democracy: last year, 1,012 candidates submitted their names for the presidential election, of whom more than 1,000 were disqualified by the Guardian Council, which is an unelected body, so President Ahmadinejad had an advantage when it came to winning the election.

Mr. David Winnick (Walsall, North) (Lab): Despite the obvious dangers, which my right hon. Friend has just mentioned, and the inane ravings of the Iranian President, is it not essential that the problem should be dealt with only by the United Nations Security Council and that there should be no unilateral action by any individual country? Does the Foreign Secretary agree that Britain and the United States were responsible for supporting the previous unwelcome and hated regime, which made it that much easier for the fanatics to seize power in 1979?

Mr. Straw: There is a history to Iran, as there is to many other countries. *[Interruption.]* That was a statement of the blindingly obvious, and I shall withdraw it, if I may, Mr. Deputy Speaker. *[Laughter.]* The Iranians are very suspicious of the Russians, because the former Soviet Union and the United Kingdom occupied Iran for five years between 1941 and 1946. However, that does not excuse the current behaviour of the Government of Iran, who refuse to face up to their obligations under the non-proliferation treaty, which they not only signed, but recently endorsed. All of us are working for a diplomatic solution through the United Nations agencies, including the IAEA and the Security Council. I only wish that the Government of Iran showed the same respect for the United Nations, the Security Council and the board of governors of the IAEA as the five permanent members of the Security Council and other UN members.

Mr. Brian Binley (Northampton, South) (Con): A few weeks ago, the Foreign Secretary failed to give one

example of a terrorist action against western interests committed by the People's Mujaheddin Organisation of Iran. Is it not time for him to reconsider the proscription of that organisation on the basis that my enemy's enemy is my friend?

Mr. Straw: I think that the hon. Gentleman is referring to the proscription of the Mujaheddin-e-Khalq organisation, which was endorsed by this House and the other place on an all-party basis. It is open to any of the organisations proscribed under the Terrorism Act 2000 to make an application to my right hon. Friend the Home Secretary for deproscription, which leads to a process of consideration and appeal. If that organisation, with which the hon. Gentleman appears to have closer links than me, wants to make such an application, it is a matter for it.

Mr. Eric Illsley (Barnsley, Central) (Lab): My right hon. Friend will be aware that a delegation from the Iranian Majlis is in the building as we speak. At this morning's meeting with the Foreign Affairs Committee, it called for further dialogue. On the weekend before last, Senator Richard Lugar, the chairman of the United States Senate foreign relations committee, called on President Bush to enter direct negotiations with the Iranian President. That call received a less-than-lukewarm reception, but it is gaining momentum. Does my right hon. Friend agree that perhaps it would be a good idea for the Americans to enter direct negotiations?

Mr. Straw: The United States Government must make their own decisions about their direct relationship with the Government of Iran, and it is not for me to give them advice, because the history of their relations with Iran is different from ours. I am glad that the delegation from the Iranian Majlis is here, and I am glad that it is meeting hon. Members from both sides of the House and my hon. Friend the Minister for the Middle East. The European three, which has been expanded to include the permanent five, have been engaged in dialogue with Iran. However, dialogue must lead to a conclusion, and the problem is that Iran thinks that dialogue involves everybody else agreeing with it, while it makes few concessions to those with whom it is conducting the dialogue.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): From these Benches, Mr. Speaker, we echo your comments on the sad news about Peter Law's death.

Turning to Iran and its continued and unacceptable failure to comply with its international obligations, we also condemn the outrageous comments made recently against Israel. Will the Foreign Secretary use his special relationship with the United States to explore the possibility of security guarantees, which will clearly have to be the basis of any long-term solution to this growing crisis? However hard it is to convince the Prime Minister to rule out pre-emptive military action against Iran, will he keep trying?

Mr. Straw: No one is talking about that. My right hon. Friend the Prime Minister made it clear in this House last Wednesday that, in relation to military options, including nuclear weapons,

"nobody is talking about these things."—[*Official Report*, 19 April 2006; Vol. 445, c. 118.]

That is what he told this House and that is the truth. We are seeking to resolve this matter by diplomatic means, including—yes, maybe—the pressure of sanctions under article 41. No purpose is served by trying to stir up differences within the international community where none, in practice, exists. Every member of the permanent five of the Security Council and the board of governors of the IAEA is committed to the path that France, Germany and the United Kingdom originally set out on three years ago and on which we have now been joined very actively by the other permanent members of the Security Council.

The hon. Gentleman asked about security guarantees. There were proposals for helping Iran with a greater sense of security in the document that the E3 put forward to the Iranians in early August last year. Tragically, President Ahmadinejad decided to reject that document even before he had seen it, which rather puts a bit of iron into the soul when it comes to dealing with the Iranians. No one is threatening Iran. No other country in the world is threatening to wipe Iran off the face of the map, but Iran has chosen to challenge the fundamental security of Israel. If Iran came to the table and complied with its obligations under the non-proliferation treaty, then normalisation of relations in respect of trade, culture, travel and everything else, including security, could quickly be agreed, but Iran shows no sign of wanting to go down that path just at the moment.

Huw Irranca-Davies (Ogmore) (Lab): Having recently returned from conferences on civic society, democracy and trade in Qatar and Saudi Arabia, one of the common themes that I heard expressed by leaders of Arab and Muslim nations was their concern not only about Iran but that every diplomatic avenue, tough and soft, should be explored in order to avert the threat of nuclear propensity within the region. Will my right hon. Friend tell me what discussions he has had with Arab leaders and whether they would concur with the impressions that I brought back from those two visits?

Mr. Straw: My impressions coincide exactly with those of my hon. Friend. Last week, at the same time as my hon. Friend and several other hon. Members from both sides of the House were there, I had discussions about this in Saudi Arabia with Crown Prince Sultan and with His Royal Highness Prince Saud al-Faisal, the Foreign Minister. They are very worried indeed about Iran gaining a military nuclear capability. They wish, as does the rest of the international community, to see it resolved by hard and soft diplomatic means.

Mr. William Hague (Richmond, Yorks) (Con): May I echo what has been said by those from all parties about the tragic loss of Peter Law from this House?

Taking up a point made by the hon. Member for Berwickshire, Roxburgh and Selkirk (Mr. Moore), would not it be better if the Foreign Secretary and the Prime Minister could use exactly the same words on this matter? The Foreign Secretary repeatedly says that military action against Iran is inconceivable, and the Prime Minister says that no one is talking about it at the moment. There is a distinction between those two statements that clearly needs to be put right. It is a vital subject on which the Foreign Secretary and the Prime

Minister should speak with a united resolve. Since we all want to see a peaceful and diplomatic solution to this, is the right hon. Gentleman confident that diplomatic and economic pressure can now prevent Iran from acquiring nuclear weapons?

Mr. Straw: On the first point, I have just used the Prime Minister's language to the House last week when he was asked about military options, "including nuclear weapons", and he said that

"nobody is talking about these things".—[*Official Report*, 19 April 2006; Vol. 445, c. 118.]

We all know the formal position of the United States on the matter, but it has fully backed the position of the United Kingdom, the other members of the E3 and Russia and China in trying to resolve the problem by peaceful and diplomatic means.

The right hon. Gentleman asked whether I was confident that the process would work. I believe that it is the best available process to achieve a satisfactory solution to a difficult problem. I cannot say with certainty what will happen—none of us can—but I defy any hon. Member to offer a better route. However, it is clear that the matter will be resolved only if the international community can show strength through unity and determination. That requires constant consultation, especially with Russia and China, which, early on, were reluctant about our stance but have increasingly toughened their position and joined us.

Mr. Hague: That strength and unity to which the Foreign Secretary refers will undergo a crucial test in the next few weeks if, as expected, there is a negative report from the IAEA at the end of the week. Will the Government vigorously support sanctions, which would stop the flow of dual use nuclear technology to Iran, halt assistance to Iran's nuclear industry and cease the selling of arms to Iran—carried on even by members of the Security Council? If there cannot be agreement on those ideas, we cannot exert strong pressure on the Iranian Government.

Mr. Straw: I have made it crystal clear that we do not rule out the use of measures under article 41, which is the Security Council's basis for applying sanctions. The Iranians need to be clear about that. In my judgment, they would miscalculate if they believed that Russia or China would block appropriate and effective sanctions that targeted the regime, not the ordinary population. Without going into detail, let me say that we are actively considering those matters.

Nigeria

4. **Mr. David Drew** (Stroud) (Lab/Co-op): If he will make a statement on religious conflict in northern Nigeria. [65120]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): Conflict between Christians and Muslims in northern Nigeria and elsewhere in the country is serious. We take every opportunity to raise concerns about those religious conflicts and human rights generally with the Government of Nigeria and senior leaders from all faiths in that country. We recently backed a successful visit by a British Muslim delegation to northern Nigeria to engage with northern religious leaders. We are also supporting projects in northern Nigeria that are aimed at increasing respect for human rights, including funding a project to train police and magistrates in the humane and correct application of sharia law.

Mr. Drew: I thank my right hon. Friend for that. I had the opportunity to visit Nigeria, especially northern Nigeria, with Christian Solidarity Worldwide just before Easter. A Commonwealth Parliamentary Association delegation also visited Nigeria at a similar time and I have talked to some of its members. We all found a rather depressing position with a great deal of religious conflict. It takes many forms, from the extremes of the cartoon riots, which were bad in Nigeria, as my right hon. Friend knows, to much discrimination in the north against Christians, land grabs and violence against individuals, especially child abduction. Given that President Obasanjo appears to be standing for re-election, is not it time my right hon. Friend put some pressure on him to do more to bring the states in the north under control? The position there is simply unacceptable.

Mr. Straw: I discussed the matter with President Obasanjo and his Government when I was in Nigeria about two months ago. President Obasanjo, who is a Christian, is well aware of the problem. However, Nigeria is a diverse, large, federal state and it is difficult for the federal President to control every aspect of what is going on.

US Secretary of State (North-west England Visit)

5. **Mr. Michael Jack** (Fylde) (Con): If he will make a statement on the matters discussed during the US Secretary of State's visit to north-west England. [65121]

The Secretary of State for Foreign and Commonwealth Affairs (Mr. Jack Straw): The visit by the United States Secretary of State Condoleezza Rice provided the opportunity to show Britain beyond Westminster and Whitehall as a thriving, diverse country with great strength, depth and variety in its cultural and economic life. My discussions with Secretary Rice covered all that and many international and bilateral issues of concern. The right hon. Gentleman knows that Secretary Rice visited the BAE Systems plant at Samlesbury in Lancashire and saw there the building of both the Typhoon and the joint strike fighter aircraft.

Mr. Jack: As a north-west Member, I was delighted that the American Secretary of State had a chance to see our remarkable part of the world. As an assiduous supporter of the north-western aerospace industry, however, I must tell the Foreign Secretary that barriers remain to Britain's full participation in the joint strike fighter project. Notwithstanding the excellent presentation to Washington by the noble Lord Drayson, what discussions did the Foreign Secretary have with Secretary of State Rice about removing the remaining barriers to progress, particularly the barriers on Capitol hill and any others that remain within the American Administration? What assurances did he receive that action would be taken to enable us fully to participate in this vital project?

Mr. Straw: May I return the compliment? The right hon. Gentleman is a strong supporter of the north-west aerospace industry and of our fine region. One of the reasons why I was pleased that Secretary Rice agreed to go to the BAE Systems plant at Samlesbury was that she would be able to see not only the brilliant technology and skills on display there, as they are at its sister plant in the right hon. Gentleman's constituency, but the building of the Typhoon, a European project, and the joint strike fighter, which is a US-UK project. The Secretary of State received a presentation from Mr. Mike Turner, the chief executive officer of BAE Systems. Those who know him will know that he is no wilting violet, and he was able to put his position politely but firmly. The Secretary of State and I also discussed it. I do not think that there is a problem inside the Administration, but, as we all know, there is a problem of publicly gaining acceptance among some key members of Congress that the United Kingdom is a reliable partner—as indeed we are, and always will be.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): As the Foreign Secretary gets on so well with Condoleezza Rice, will he inform the House whether he discussed with her the recent creation by the United States Congress of an Iraq study group under the chairmanship of James Baker, the former Secretary of State? Condoleezza Rice has welcomed this initiative, and she obviously hopes that when the group visits Iraq, it will come back with some initiatives that will help the United States to extricate itself from what has become a sad failure of its policy. As the Foreign Secretary is a very fair man, will he acknowledge that the British Government are labouring under similar difficulties? Does he intend to seek similar external advice to help him to get out of them?

Mr. Straw: I am always in the market for advice, including from former Foreign Secretaries, as well as United States Secretaries of State. We did not discuss the establishment of the study group by James Baker, but we discussed Iraq at great length before we went off to Baghdad to see the political leaders and put pressure on them to form a Government as quickly as possible. I would like to think that the joint pressure from the Secretary of State and me made some difference, and I am pleased to say that, at long last, progress has been made. We now have a presidency established and a Prime Minister designate. The right hon. and learned Gentleman might call me optimistic, but I believe that we will now be able to see the emergence of a democratic Government who are able to take proper control in Iraq.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I was very pleased indeed that Liverpool was selected for a large part of the American Secretary of State's visit, as an example of a thriving diverse city. Will the Foreign Secretary describe the conversations that took place with the Secretary of State about standing firm against the recognition of Hamas, which is a terrorist organisation? Will he be talking further with her about today's announcement from Jordan that the Jordanians have arrested representatives of Hamas for planning the assassination of members of the Jordanian Government?

Mr. Straw: May I say how grateful I am to my hon. Friend, and to other colleagues on both sides of the House, for the welcome that they gave the Secretary of State? Inevitably, some of the coverage dealt with the demonstrations, which simply illustrates that this, like America, is a free country. The Secretary of State kept saying that she was fully able to take those things in her stride. She was also able to see Liverpool and the centre of the world, Blackburn—*[Laughter.]* I take that as approbation, Mr. Speaker. She was able to see those places in all their glory. We talked about many things, including the connections between Liverpool and the southern states of the United States, from which she comes. Of course, we also talked about Hamas. A further meeting of the Quartet will take place on 9 May to discuss further the stance that we should take to get Hamas to understand that, if it accepts the democratic principle, it must abide by the responsibilities that go with it. In this case, those include the three principles of the recognition of the reality of Israel, acceptance of the international agreements entered into by the Palestinian Authority in the past and an end to all violence, which includes—self-evidently—plotting the assassinations of the Jordanian royal family.

Mr. Keith Simpson (Mid-Norfolk) (Con): I am sure that the special relationship between our Foreign Secretary and the American Secretary of State warms the cockles of the hearts of all Members of the House. Undoubtedly, if not the Hugh Grant of the Cabinet, he is the Nicholas Parsons. In his deep conversations with the US Secretary of State, did he have a chance to talk with her about the elimination of the poppy crop in Afghanistan and stability there? That issue has been highlighted by the Foreign Office as important. Is he only too well aware that British forces deployed today in Afghanistan have sought to keep our troops away from the destruction of that crop? Obviously, the issue is important and there now appears to be some distinction between the Foreign Office's view of the mission in Afghanistan and that of the Ministry of Defence. Can he clarify the position?

Mr. Straw: I believe that I heard on the radio over the weekend that Nicholas Parsons is now 80—

Mr. Simpson: He is looking well on it.

Mr. Straw: He is. I fully understand the spirit in which the compliment was offered to me, and I take it in that spirit—[HON. MEMBERS: "Hesitation."] I am afraid that I have always recognised that I would be no good on "Just a Minute", because all Ministers display hesitation, deviation and repetition in large quantities. To return to the point—*[Interruption.]* Well, the hon. Gentleman wants his question answered, which never happens on "Just a Minute".

We discussed Afghanistan in some detail, and the hon. Gentleman will be aware that the NATO Allied Rapid Reaction Corps will come under British command from the end of July. It happens that, this morning, I saw the commander of the ARRC, a British three-star general, to discuss with him in detail the arrangements for that.

Let me make it clear that there is absolutely no difference on this matter between the Foreign Office and the Ministry of Defence nor between my right hon. Friend the Secretary of State for Defence and me.

We have been working together extremely closely. There is a distinction in the rules of engagement between counter-terrorism and counter-insurgency, which is there for the benefit of the military. We have no plans compulsorily to eradicate crops. That has been made clear, and my hon. Friend the Minister for the Middle East visited Afghanistan recently. As the House knows, my right hon. Friend the Secretary of State for Defence is currently in Afghanistan visiting not only Kabul but the south.

Belarus

7. **Miss Anne McIntosh** (Vale of York) (Con): What assessment he has made of the recent elections in Belarus. [65123]

The Minister for Europe (Mr. Douglas Alexander): We support the assessment made by the Organisation for Security and Co-operation in Europe's election observation mission and deeply regret the atmosphere of intimidation and suppression in which the elections were conducted. As the European Council made clear, they were fundamentally flawed. We applaud those in Belarus who stood up for democracy and deplore the unjustified action taken to prevent demonstrators and opposition leaders from exercising their right of peaceful assembly and freedom of expression.

Miss McIntosh: In regretting that the recent elections were neither free nor fair, will the Minister go further and draw conclusions for the European Union from the undemocratic nature of those elections? What can the EU and Britain do to encourage freedom of speech, freedom of expression and democracy in Belarus?

Mr. Alexander: On 10 April, at the General Affairs and External Relations Council of the European Union, there was agreement to a travel ban against the 31 individuals deemed responsible for the fraudulent election and the subsequent crackdown on the opposition. That travel ban includes President Lukashenko. As for future action, the European Union and the United Kingdom stand ready to consider further targeted restrictive measures. We are also seeking to step up the active support that we offer to civil society in Belarus, and indeed to a free media.

Israel

8. **Dr. Phyllis Starkey** (Milton Keynes, South-West) (Lab): If he will make representations to the Israeli Government to halt the exclusion from Jerusalem of those with Jerusalem identity documents cut off by the Israeli wall. [65124]

The Minister for the Middle East (Dr. Kim Howells): First, let me also commiserate over the sad death of Peter Law, who represented a constituency not far from mine.

We frequently raise freedom of movement issues with the Israeli Government. We are particularly concerned about Israeli policies on East Jerusalem, which threaten to separate the city and its people from the West Bank. We recognise Israel's right to defend itself from terrorist attacks, but we will continue to raise our concerns about movement restrictions with the Israeli Government, including the issue of Jerusalem ID card holders affected by the barrier.

Dr. Starkey: I am grateful for the Minister's comments and for the representations made to the Israeli authorities, but the fact remains that 80,000 residents of Jerusalem have been cut off from the rest of Jerusalem by the Israeli wall. Children as young as six are being forced to travel 30 km to Ramallah, obtain a permit to go through to Kalandia and return to the other side of the wall in Jerusalem, just to get to school and back. That has absolutely nothing to do with security and everything to do with the Israeli Government's forcibly changing the demography of Jerusalem to exclude non-Jews.

If the British Government and the European Union are serious in their commitment to the road map, when are we going to take effective action to stop the Israelis from unilaterally excluding 80,000 Jerusalemites from their own country? The type of protest that we have made so far—

Mr. Speaker: Order. The hon. Lady must let the Minister reply.

Dr. Howells: I visited Jerusalem recently and saw for myself the effects of the construction of the wall. It is not a pretty sight and it is having a very bad effect on the lives of many people in the city. I can reassure my hon. Friend, however, that we take the matter very seriously. As far as I know, we are the only country that takes up consulate cases in which British citizens living in Jerusalem—perhaps married to Palestinians—find themselves on the wrong side of the barrier, as a consequence of which their access to work, hospitals and doctors is cut off. We take that very seriously, and I know of no other countries that do.

My hon. Friend should be aware that we are pressing the Israelis very hard and will continue to do so.

Alistair Burt (North-East Bedfordshire) (Con): Until there is a cessation of the bombings such as the recent one in Tel Aviv, and until there is condemnation by Hamas, the civil rights of the Palestinian people will continue to suffer. Does the Minister see any sign of movement by the Hamas Government towards an understanding of that, or any sign that at some stage they might be prepared to condemn the bombings that require such serious and rigid security arrangements in Israel?

Dr. Howells: That is an important observation. I am sure that we are all watching carefully for any signs that Hamas is—as my right hon. Friend the Foreign Secretary put it—travelling in the right direction. We see few signs of that at the moment. We heard today from my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) that there had been arrests in Jordan of Hamas members who had been plotting assassinations and recent statements in response to the appalling murder by a suicide bomber in Tel Aviv are not encouraging. We will, however, continue to do all that we can to impress on Hamas—the newly elected Government of the Palestinian people—that it should recognise the right of the state of Israel to exist, that it

should renounce violence, and that it should stick to previous agreements that form the basis of the road map which we consider to be the best and indeed, at the moment, the only way forward.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Does my hon. Friend understand that every act of repression and suppression by the Israelis against the Palestinians increases support for Hamas, which, in turn, provides the Israelis with justification for refusing to negotiate with Hamas? Will he further understand that every act of repression and suppression of the Palestinians by the Israeli Government is a recruiting call to the kind of gullible person who was recruited by Islamic Jihad to murder nine innocent Israelis, and that that will go on until our Government and other Governments take action to force both sides to get on with implementing the road map?

Dr. Howells: There is very little that any of us would argue with in what my right hon. Friend said, except this. It would be facile to describe this as a chicken-and-egg situation, but this continuing round of tit-for-tat murder, repression and suicide bombing is not something that we can force either side to give up. There has been movement, however. Sharon's unilateral decision to get out of Gaza showed that, sometimes, action can be taken. Not all such action has been beneficial, by any means, and there is no doubt that it helped to accrue at least some support for Hamas. But if the world sticks to the Quartet's approach, it is entirely possible to persuade the Israelis not to construct any more illegal settlements in the west bank, and to convince the Palestinian people that the only viable future for a Palestinian state lies in its having a peaceful relationship with its neighbour, Israel, rather than one characterised by death, murder and suicide bombing.

Richard Ottaway (Croydon, South) (Con): On tit-for-tat murder, I am sure that the Minister welcomes the restraint shown by the Israelis after the latest outrage. I agree with him that the road map to a twin-state solution is the right way to proceed. Does he feel that the withdrawal of grant aid will help or hinder that process?

Dr. Howells: We have thought very hard, as have other nations, about what we should do to ensure that the Palestinian people themselves do not suffer as a consequence of the withdrawal of aid. We do not want to withdraw aid—we are the second largest donor to the Palestinian people and have been for a very long time; only the Americans give more money. The Palestinian people themselves might put pressure on the representatives of Hamas to understand that the world takes a very bleak view of the statements that Hamas has made until now about its desire to see the state of Israel wiped off the map. Together, all of us have to condemn such statements. There can be no dissension and as far as I know, the only comments to have backed Hamas's inflammatory statements are those that emerged from Tehran and President Ahmadinejad, and they do nobody any good whatsoever.

Yemen

9. **Keith Vaz** (Leicester, East) (Lab): What plans he has to visit Yemen to discuss bilateral relations; and if he will make a statement. [65126]

The Minister for the Middle East (Dr. Kim Howells): My right hon. Friend the Foreign Secretary has no immediate plans to visit Yemen, but I had the pleasure of visiting that country in January. We maintain a wide-ranging dialogue with Yemen, including on security and reform issues. We are looking for substantive progress on these issues in the run-up to this year's presidential elections and beyond.

Keith Vaz: I welcome my hon. Friend's visit to Yemen earlier this year, which built on the successful meeting between President Ali Abdullah Saleh and our Prime Minister at Chequers in August 2004. If my hon. Friend agrees with me that relations with Yemen are both productive and friendly, and that Yemen is an ally in the fight against terrorism, will he look again at the travel advice being issued by the Foreign Office, which prevents individuals—other than Ministers, of course—from visiting Yemen? As a result of such advice, the people to people contact that is so vital to maintaining bonds of friendship is not as productive as it should be.

Dr. Howells: I can see where my hon. Friend is coming from, and he knows Yemen better than anybody else in the House, but he will also recall the spate of kidnappings of tourists in December and January. I am sure that he would be asking different questions if we did not maintain a responsible attitude to the publication of travel advice for Yemen and areas where such kidnaps take place. We do not want British citizens to be kidnapped or killed: we want to work with the Yemeni Government to ensure that the kinds of reforms that will reduce the threat of such things occurring happen sooner rather than later. I understand my hon. Friend's point, because the country should be a tourist paradise. It is a beautiful country, with a wonderful history and beautiful cities. If the security situation could be put right, the country could benefit greatly from those assets.

Mr. Philip Hollobone (Kettering) (Con): Yemen is the poorest country in the middle east. What practical steps are the Government taking, in terms of military, police and civil contingencies, to prevent Yemen from becoming an incubator for international terrorism?

Dr. Howells: We have an extensive programme of counter-terrorism capacity building with the Yemeni authorities, including the training of the coastguard, and training in investigative techniques, forensic science and crime scene management. The Department for International Development also has a significant programme of development assistance to Yemen, worth £12.5 million last year, which is one of the biggest outside Africa, China and India. It is focused on two main priorities—building an effective and accountable state and improving the accessibility of key services. I take the hon. Gentleman's point: it is important that we maintain links and try to build capacity in that country.

International Law

10. **Mr. Graham Allen** (Nottingham, North) (Lab): What progress has been made since the general election in implementing the proposals on international law and tyrannical regimes put forward by the UN's high level panel in November 2004. [65127]

The Minister for the Middle East (Dr. Kim Howells): The 2005 UN world summit affirmed that each individual state has the responsibility to protect its populations from genocide, war crimes, ethnic cleansing and crimes against humanity. The international community also affirmed that it is prepared to take collective action, in certain circumstances, when national authorities fail to do so. We continue to work with partners to ensure that agreement on the responsibility to protect is translated into a willingness to act.

Mr. Allen: Does my hon. Friend accept that the work of the UN high level panel is one of the best hopes left to progress a structure of international law that may restrain tyranny in various countries? Will he tell the House what progress has been made since the general election and what he hopes to achieve over the next year in working closely with the panel?

Dr. Howells: I pay tribute to my hon. Friend's work in this area. He has worked hard in this Parliament, in sister Parliaments and in the UN to explore how best to take the most recent—and very important—UN initiative forward. The endorsement by world leaders of the responsibility to protect at the 2005 UN world summit was the first time that the international community collectively signalled its unwillingness to tolerate genocide, war crimes, crimes against humanity and ethnic cleansing within states. That position was reached as a consequence of a great deal of hard work by our mission in New York and by my right hon. Friend the Foreign Secretary. We will continue to take that work forward, because it is enormously important.

Sir Nicholas Winterton (Macclesfield) (Con): Does the Minister accept that respect for, support for and support of the United Nations will be undermined unless some action is taken against the diabolical regime in Harare, Zimbabwe? Mr. Mugabe is practising everything that is condemned by the United Nations. With inflation out of control, people suffering from hunger and no civil rights, it must be time for the UN as an international organisation to co-ordinate action to restore democracy to the people of Zimbabwe, who crave it.

Dr. Howells: The hon. Gentleman knows Zimbabwe very well, and we share his sentiments entirely. The UN ought to take the matter much more seriously, and we are pressing it to do so. It is a crying shame that there has been so little activity, which is due in part to the reluctance of Zimbabwe's neighbours to get involved in its internal affairs. In many ways, his question goes to the heart of the need to protect the interests of people who clearly are not being properly served by their Government.

Mr. David Anderson (Blaydon) (Lab): Does my hon. Friend agree that the Iraqi Government are in breach of international law by the way in which they have implemented decree 8750? They have also reinstated decree 150, which attacks the country's free and independent trade union movement. Trade union assets have been seized and public sector workers denied the right to join trade unions. Will he agree to meet Iraq's trade union representatives in this country to try and resolve these matters?

Dr. Howells: I have certainly met trade unionists from Iraq, and would be only too glad to meet them again. I am not aware of the case that my hon. Friend has presented to the House.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Following on from the question asked by my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton), the UN has failed to root out corruption in the oil-for-food scandal and to prevent genocide in Darfur. It has also faced a severe test in Iraq and is doing so again in Iran. Given all that, is not it high time for the US and the UK—effectively the two largest contributors to the UN—to push reform up the political agenda and build on the reforms agreed at last year's summit meeting?

Dr. Howells: We have pushed reform very hard in the UN, but the hon. Gentleman is right to say that we must keep the pot boiling. The Secretary-General's report was a very good basis for reform: we supported it wholeheartedly and want it to be taken forward. We have to work very hard in the General Assembly to overcome suspicions that we are trying to do things that will benefit the west but no one else. If we keep working at it, I hope very much that we can overcome those suspicions and that reform will be a reality.

EU Energy Policy

11. **Miss Anne Begg** (Aberdeen, South) (Lab): What progress was made at the recent European Council on developing an EU-wide energy policy. [65128]

The Minister for Europe (Mr. Douglas Alexander): The European Council welcomed the recent Commission Green Paper on a European energy strategy, following the proposals that my right hon. Friend the Prime Minister made last autumn at Hampton Court. Member states renewed their commitment to completing the energy single market, setting a deadline of June 2007. We also emphasised the importance of external energy relations and asked the Commission and the high representative to report back on this in June.

Miss Begg: Over recent months, it has become clear that security of supply for energy in Europe is not necessarily in the hands of individual member states or the EU as an organisation, but is often at the mercy of external factors. Have the Government or the EU had discussions with Russia about problems with the gas supply?

Mr. Alexander: I pay tribute to my hon. Friend's close and long-standing interest in energy matters. My right hon. Friend the Foreign Secretary may believe that

Blackburn is the centre of the world, but Aberdeen is undoubtedly the European oil capital. I visited Moscow in February and had discussions with members of civil society, senior Government Ministers and business people about exactly the issues to which she refers. I made clear the importance that the UK and the EU attach to energy security, and I was candid about the reputational damage caused in the west by the dispute earlier this year with Ukraine.

Dr. Julian Lewis (New Forest, East) (Con): Does the Minister accept that part of the Foreign Office's role is to ensure that this country does not become over-dependent on other countries for the security of our energy supplies? In that context, does he share my fear that growing dependence on Russian oil pipelines diminishes rather than increases the possibility of fulfilling that strategic aim?

Mr. Alexander: Of course I accept that energy security will be one of the emerging challenges of the decades ahead, and that we and our European partners must work in partnership to address three interlinked problems—energy security, the related issue of the diversity of supply, and the need to ensure a genuinely open market in energy supply in the EU. The EU's recently published strategy document refers to the problem of energy security, and I assure the hon. Gentleman that we continue to work on it right across Government.

EU Finance

12. **David Taylor** (North-West Leicestershire) (Lab/Co-op): If he will make a statement on future financing of the EU. [65129]

The Minister for Europe (Mr. Douglas Alexander): The December European Council agreed a European Union budget for 2007 to 2013. The Government welcome the inter-institutional agreement—IIA—that the Council, the European Commission and Parliament have provisionally reached to give formal effect to the December agreement. The Council now needs formally to approve the IIA, but before then a debate on the agreement will of course take place on the Floor of the House.

David Taylor: Official EU priorities are fighting cross-border crime and terrorism and maintaining a strong and stable EU in the wider world, yet 70 per cent. of the budget agreed for the next seven years still goes towards farm support and regional aid. Does the Minister agree that at least the latter should be largely repatriated, as it is daft for a rich country such as ours to send cash to Brussels, which is posted back to Cornwall, Wales and elsewhere with vast road signs saying that the money comes from the EU? Is not a national debate on those issues overdue?

Hon. Members: Hear, hear.

Mr. Alexander: I sense a consensus emerging across the Floor of the House. There are two issues. First, a fundamental review of the Union's expenditure was agreed in December as part of the package and will take place between 2008 and 2009. It provides exactly the opportunity for the fundamental review of how the Union both raises and spends its money that we worked hard to secure during the British presidency.

Secondly, on structural cohesion funds and repatriation, I point out respectfully that approximately 75 per cent. of the economic development funds available in the United Kingdom are not passported through Brussels, but are actually domestic funds provided by the UK Government.

Mr. Graham Brady (Altrincham and Sale, West) (Con): In December, the Prime Minister admitted to surrendering £7 billion of Britain's EU rebate. Last week, the EU Budget Commissioner described the figures given at the time as not accurate and suggested that the cost to British taxpayers will be £2 billion higher than previously admitted. Does the Minister agree that taxpayers deserve complete openness and transparency regarding how much of their money is being spent on EU projects outside Britain, and will he give an accurate figure for the increase in Britain's net contributions to the EU under the new budget?

Mr. Alexander: I have already made it clear that there will be a debate on the IIA on the Floor of the House before final agreement is reached. On the headlines that accompanied the interview apparently given by the Budget Commissioner, my clear understanding and the advice of officials about how she reached those numbers was that there was confusion between, for example, funding for the European development fund, which has never been part of the main European budget, with the money agreed back in December.

Points of Order

3.32 pm

David Davis (Haltemprice and Howden) (Con): On a point of order, Mr. Speaker. Last year, the Public Accounts Committee asked the Home Office to notify it of the numbers of foreign criminals guilty of serious crimes who had been released without proper consideration of whether they should be deported. Last November, the Home Office told the PAC that there were 403 such foreign nationals. It now transpires that the number was more than 1,000, 160 of whom were recommended for deportation during the sentencing process, yet only five have been deported.

The Home Secretary briefed the press at 12.30 pm today and laid a statement in the House at 2.11 pm, so the House could not have been aware of the situation before the press. As far as I am aware, we do not have a mechanism to bring the Home Secretary to the Chamber to answer for that major Government failure. Can you give me guidance, Mr. Speaker, about how on earth we can bring the Home Secretary to book for not protecting the safety of the public?

Mr. Speaker: I am on the record as saying often that I prefer Ministers to come to the House. When such matters appear on television and statements are issued, I have either been preparing for the Chair or have been in the Chair, but I promise the right hon. Gentleman that I will look into the matter and ask the Home Secretary to give me an explanation.

Chris Bryant (Rhondda) (Lab): On a completely different point of order, Mr. Speaker. Last Thursday, as I am sure you are aware, the shadow Leader of the House said that the Prime Minister misled the House. It transpires that the Prime Minister was absolutely right when he said that

"in the Thames Valley strategic health authority area . . . in 1997, more than 2,500 patients waited longer than 13 weeks for their out-patient appointment; today the figure is none."—[*Official Report*, 19 April 2006; Vol. 445, c. 116.]

The point on which I seek your guidance, Mr. Speaker, is that in the past you were robust when Members used the phrase "misled the House". Indeed, last year, you asked two Members to leave the Chamber: the hon. Member for Tewkesbury (Mr. Robertson), when he said that the Minister for Employment and Welfare Reform, my right hon. Friend the Member for Barking (Margaret Hodge) had misled the House, and the hon. Member for Carmarthen, East and Dinefwr (Adam Price) when he said that the Prime Minister had misled the House. I hope it is still your view, Mr. Speaker, that that phrase is unparliamentary. Surely, whatever our differences, we should all treat each other as honourable Members.

Mr. Speaker: Hindsight is a wonderful thing. This happened last Thursday. It was dealt with, and we move on. Perhaps it is best that the term "misleading" never be applied to the comments of any right hon. or hon. Member.

Mr. Richard Bacon (South Norfolk) (Con): Further to the point of order raised by the shadow Home Secretary, Mr. Speaker. I would have wished to table an urgent question this morning, Mr. Speaker, had the Home Office made its written statement early enough. It was my question in the Public Accounts Committee that led to the information—as it turned out, the inadequate information—being released. Given that the information that is now coming from the Home Secretary is that the foreign nationals released from prison without consideration being given to their deportation or removal included four kidnappers, four arsonists, 62 drug dealers, nine rapists and three murderers, it is hard to see what could be a more serious matter, in relation to which a Minister should come before the House. On many occasions, Mr. Speaker, I have heard you deprecate Ministers' failure to make a statement to the House first. I wonder whether you should perhaps consider further measures that you should take when Ministers fail to do that.

Mr. Speaker: The hon. Gentleman and the right hon. Member for Haltemprice and Howden (David Davis) have raised this matter. To be fair to Ministers, I will look into it. In other words, I will hear the other side of the story. That is the best thing that I can do. On urgent questions, Back Benchers and Front Benchers are entitled to apply for an urgent question, but, of course, it is up to me whether I agree to it.

Mike Penning (Hemel Hempstead) (Con): On a point of order, Mr. Speaker. I am desperately concerned about the safety of my constituents and other constituents in Hertfordshire. The chief fire officer of Hertfordshire told me this morning that, sadly, there is a dispute involving the excellent firefighters in Hertfordshire and that there is likely to be a strike soon. The chief fire officer has applied to the Ministry of Defence for servicemen and women to help to protect our constituencies with fire cover should a strike take place. I understand that, for the first time ever, the MOD has refused. Will a Minister come to the House to explain why the MOD is not going to protect our constituents when that dispute takes place?

Mr. Speaker: The hon. Gentleman, like every other hon. Member, has a constituency to protect. My best advice is for him to call for a meeting with the Minister and put the case that there is a serious problem involving the fire services in his constituency and that his constituents must be protected.

Alistair Burt (North-East Bedfordshire) (Con): Further to that point of order, Mr. Speaker. It is not just the constituency of my hon. Friend the Member for Hemel Hempstead (Mike Penning) that is affected. Neighbouring areas, such as Bedfordshire, may be affected, as well. There is a degree of urgency about the matter that requires my hon. Friend to make the application to bring a Minister before the House, rather than just have a meeting. I would be very grateful, Mr. Speaker, if you understood that the concerns go wider than just my hon. Friend and his constituency.

Mr. Speaker: I can only draw on my experience as a Member of Parliament. One of the strengths of being Speaker in the House of Commons is that I have to have a constituency in the same way as everyone else. My first port of call would be to demand a meeting between the Members affected, led by the hon. Member for Hemel Hempstead (Mike Penning), and the appropriate Minister—whether that is a Defence Minister or the Minister for Local Government. There is a Minister in that Department who used to a fireman, so he will know about the matter. *[Interruption.]* It seems that the hon. Member for Hemel Hempstead used be a fireman, too. Well, it will be a good meeting. That is my advice.

Notification of Redundancy

3.39 pm

Mr. Jim Cunningham (Coventry, South) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision with regard to notices of redundancy; and for connected purposes.

I applied to present this Bill some time before last week's announcement at Peugeot, because I have thought for a long time that something should be done about companies arbitrarily announcing redundancies. We have certainly had a spate of them doing so in the west midlands over the past two or three years. Hon. Members will remember what happened at Rover, and it happened again at Rover fairly recently. Coventry had the Peugeot announcement recently and the Jaguar announcement last year, and some hon. Members will remember what happened at the Standard Motor Company about 20 years ago.

Such things have happened to us over a long period. Nevertheless, I know that the Bill will not stop redundancy as such, but that is not really the issue: the Bill will certainly make it difficult to close factories arbitrarily, and some major companies are ignoring the social consequences of such decisions not only for their employees, but for their employees' families. In fact, the labour forces at Jaguar and Peugeot were increasing quality and productivity, and they were told in return that the companies would increase investment—certainly, in Coventry—but in both instances that never happened.

Only about 18 months ago, I had an Adjournment debate in the House about whether Peugeot would take a grant offered by the Government, which never materialised. Since then, the company has played cat and mouse with not only Ministers but its employees and their families. The announcement was a bitter pill for the families, but it was a slap in the face for the labour force. Companies are effectively telling their labour forces these days that, even if they improve quality and productivity, they might be down the road in a couple of weeks or a year's time. That is not very satisfactory. My Bill therefore aims to bring UK employment legislation into line with the minimum European standards on information and consultation.

The Bill has three main points: administration, liquidation and input into investment decisions through the labour force's representatives, which can take many forms. Employees must be part of the decision-making process during the administrative phase of a company and prior to liquidation. Very often, in those circumstances, employees are not treated the same as a preferential creditor or as the taxman. They are about fourth or fifth in the pecking order, and by the time it comes to them, they find that they have a problem. In some instances, they get only statutory redundancy pay. Only when employees are part of that decision-making process will they be able to provide meaningful input into the direction of any financial decision made by the company. Consultation post liquidation is simply lip service and, frankly, ineffectual in protecting employees' jobs and pensions.

As happens in some European countries, the Bill seeks mandatory consultation with employees, preferably under the umbrella of a works committee. Strict financial penalties should be applied to companies

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that fail to consult, and specific waiting periods must be observed between each stage of the process. In some European countries, the law requires companies or groups with at least 300 employees, as well as smaller companies with works councils, to hold negotiations every three years, as a means of informing and consulting their employees on the company's strategy and its expected impact on employment and work force and skills planning.

Companies in the UK are obliged to provide information only on issues consequential to investment decisions. However, the information should be given in such a fashion as to allow representatives adequate time to study and to make alternative investment proposals. The Bill aims to create a level playing field for investment decisions made by companies in line with their counterparts in Europe. We cannot allow a situation to continue where companies are easily able to uproot without fulfilling all their commitments to their employees.

Over the last 20 years, Coventry has seen the closure of the Standard Motor Company, Rolls-Royce at Parkside, Massey Ferguson and Jaguar. Coventry also had some input into Rover, and now we have Peugeot to add. We have doubtless all heard about the 2,300 job losses at Peugeot by 2007, which emphasises the weakness of employment legislation. Workers at Ryton have been excluded from meaningful consultation on the future of the company, which never confirmed whether it would take up the European grant of more than £14 million.

Employees were left out of the decision-making process and were used only in a "consultative exercise"—a trend that must be reversed. That and future decisions will have an inevitable ripple effect on this country's economy. The choice is clear: we should introduce the same employment protection that other employees enjoy in Europe. Without a doubt, we need a more proactive industrial policy and stronger employment laws, which would save jobs.

The west midlands contributed £77.3 billion to our wider economy in 2003. Until we show our determination to protect jobs in the west midlands and the country more widely, we will see a significant decline in one of the UK's largest regional economic contributors. I therefore urge the House to give its wholehearted support to the Bill.

Question put and agreed to.

Bill ordered to be brought in by Mr. Jim Cunningham, Mr. Geoffrey Robinson, Mr. Brian Donohoe, Mr. Jim Devine, Mr. Bill Olner, Mr. Brian Jenkins, Jim Sheridan, Anne Moffat, Christine Russell and Mr. David Hamilton.

Notification of Redundancy

Mr. Jim Cunningham accordingly presented a Bill to make provision with regard to notices of redundancy; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 16 June, and to be printed. [Bill 171].

Orders of the Day

Housing Corporation (Delegation) etc. Bill

Order for Second Reading read.

3.47 pm

The Minister for Housing and Planning (Yvette Cooper): I beg to move, That the Bill be now read a Second time.

This is a short, two-clause Bill, which is designed to deal with technical problems that have arisen due to an omission in the legislation governing the powers of the Housing Corporation. Those difficulties arose following recent legal advice to the Housing Corporation, which has subsequently been confirmed to the Government. The advice makes it clear that the Housing Corporation board does not have any express power in legislation to delegate statutory functions below board level and that such a power cannot be implied by the terms of the statute.

Prior to that advice, the Housing Corporation and everyone else believed that the board had an implied power to delegate its functions. Indeed, since its inception over 40 years ago, the corporation has been acting on that basis in good faith. That means that the Bill needs to fulfil two functions. First, the Housing Corporation needs to be put on the same footing as other non-departmental public bodies and given the explicit power to delegate functions below board level. Secondly, the Bill needs to deal with any uncertainty about historic decisions made by the Housing Corporation to ensure that no problems about past decisions arise inadvertently either for the corporation or for housing associations and lenders.

The Bill gives the Housing Corporation board the express power to delegate its functions to members, committees and employees and it will have retrospective effect in deeming the corporation always to have had such a power. The effect will be to restore the status quo, bringing the corporation and other interested parties back to the position that they believed they were in before the problem was discovered. The Bill does not confer any new powers or functions on the Housing Corporation.

I had a bet with the Under-Secretary of State, Office of the Deputy Prime Minister, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), who will reply to the debate on the Bill, about the number of hon. Members who would remain in the Chamber at the point when I concluded my speech. On the current count, I am still winning the bet, but I concede that this is not the sexiest piece of legislation that the House has had to debate. Nevertheless, it is important for the Housing Corporation and those tenants who live in registered social landlord properties across the country.

I hope that the Bill will have widespread support from hon. Members across the House. I thank the Opposition spokesman for meeting the Housing Corporation and the Council of Mortgage Lenders to be briefed on the Bill. I know that they will understand that while this is a minor legislative change with technical effect, it is important for the operations of the corporation and for the decisions made by housing associations and lenders.

There are areas of housing policy on which there are strong differences of opinion between the parties, and I am always keen for an opportunity to debate those dividing lines, but on this occasion I hope that the whole House will support the measures. They are sensible measures that remedy problems with previous legislation for the Housing Corporation. It is important that the Housing Corporation can conduct its business effectively. The corporation is a non-departmental public body of the Office of the Deputy Prime Minister, and was established under the Housing Act 1964 to oversee the housing association sector. Its legislative provisions, role and functions were updated and amended in the Housing Associations Act 1985 and in the Housing Act 1996.

Today the Corporation plays a crucial role in regulating nearly 1,800 housing associations that own or manage more than 2 million units of social housing and provide a range of other services to the broader community. The corporation also delivers the funding allocations for new social housing and shared equity homes in England through the national affordable housing programme, which for 2006 to 2008 involves £3.9 billion of investment to deliver an estimated 84,000 affordable homes.

Tony Baldry (Banbury) (Con): I would hate the Minister to think that we were not all listening. I am grateful to her for giving way. Of the money that the Housing Corporation allocates, very little seems to come to shire districts such as mine, where there were two large-scale voluntary transfers. So we have two new housing associations; neither of them is particularly big, and neither of them is doing any new build. As a consequence, there is a black hole and the only way in which working families can now get housing is in the private rented sector, which just does not provide stability. I wonder how the Minister sees the Housing Corporation allocating funds to areas such as mine where there are working families in need of social housing, as in other parts of the country.

Yvette Cooper: The hon. Gentleman makes an important point about the need for social housing but also for shared equity homes, which many people now want in order to make the first step on the housing ladder. The corporation allocates its funding according to the principles set out by the regional housing board, so I certainly urge him to make his concerns known to the board if he feels that distribution in his area is not appropriate. The Housing Corporation also works with bids that come in so he may want to talk to the newly established housing associations in his area about putting in bids for future allocations of social housing and affordable housing.

We have made it clear that we think that we need to increase the provision of social housing and shared equity homes across the country, and we are funding a 50 per cent. increase over the next few years. We also think that that needs to be a priority for the spending review, so I assure the hon. Gentleman that we are committed to increasing social housing and affordable housing across the country, and I urge him to talk to his local agencies about ensuring that there is an appropriate allocation for his area.

The decisions that the Housing Corporation takes around regulation and funding allocations have huge implications for housing associations, for lenders and most importantly of all for the tenants who live in housing association homes. The corporation has an impact on the lives of several million people, many of whom are among the most vulnerable in the country. Given these important roles in regulation and allocation of public funds, it is critical that they are able to operate without any legal uncertainty around the decisions that they take.

The Bill has two clauses. Clause 1(1) gives the corporation an express power going forward to delegate the exercise of its functions to individual members of its board, its committees, sub-committees and employees. At the time of the Housing Corporation's creation it was common for public bodies and other NDPBs not to be given an explicit power of delegation, primarily because such bodies took fewer statutory decisions and it was plausible at that time for all these decisions to be carried out by the board.

Since then, the vast majority of those bodies have become defunct or their founding legislation has been modernised and they have been given an explicit power of delegation. Similar non-departmental public bodies set up in more recent years that operate with public funding or with regulatory roles have express powers so that the board can delegate their statutory functions appropriately. English Heritage, which was set up in the 1980s, English Partnerships, the Audit Commission, the Commission for Social Care Inspection, and the Commission for Healthcare Audit and Inspection all have express powers to delegate.

Mr. Peter Bone (Wellingborough) (Con): When Parliament originally set up the Housing Corporation in 1964, there was no intention that it should have an express power of delegation. Is it not the case, therefore, that the Government wish to pass retrospective legislation, even though that was not originally intended by Parliament?

Yvette Cooper: It was not practice at the time to include such an express power. After its inception, the Housing Corporation believed that it had implied power in legislation to delegate its functions to its committees and sub-committees, as other organisations delegated such functions. The legal advice that the corporation received at the end of last year made it clear that it does not have that express power, and that it cannot assume that there is such a power in legislation. However, the corporation has been operating on that basis for decades, and lenders, successive Governments and agencies that worked with it made decisions in good faith on the basis of that understanding.

Clause 1(1) is not retrospective, as it establishes a power for the future. It brings the corporation's powers into line with the vast majority of other such bodies. It allows for administrative efficiency, because it is clearly not practical, given the number of statutory decisions that must be made by the corporation on a day-to-day basis for all such decisions to be taken by the board itself. We have attempted to discover from old files why consideration was not given to updating the provisions on the Housing Corporation in the many pieces of housing legislation passed since 1964, including the

[Yvette Cooper]

Housing Associations Act 1985 and the Housing Act 1996. It appears either that there was administrative error about the need for such provision, or that there was genuine belief on all sides that the existing legislation was sufficient.

As I have made clear, revised legal advice to the Housing Corporation at the end of last year confirmed that there was no such express power. Since receiving that advice, the Housing Corporation board put in place alternative methods of working to ensure that all subsequent decisions were made by the board. That is clearly an impractical way for it to continue to operate in the long term, but I thank board members who had to put in considerably more time than they anticipated during those months.

Mr. Bone: I am interested in the number of board meetings. I believe that board members meet once a week for a meeting that is not exceptionally long and receive a salary of £250,000. I am not sure, therefore, that there is a significant strain for the directors.

Yvette Cooper: The board has to consider a series of things that it did not expect to consider under the previous understanding. It will be able to operate differently as a result of the Bill. It is not a sensible use of board members' time if they have to make every single statutory decision. Board members must decide the most appropriate use of their time and which decisions should sensibly be delegated to committees, sub-committees or officers. That is a matter for them. It hampers their ability to do their job if the board has to run through every decision. Of course there are obligations with respect to the time that members put into doing the job, but if they have to take decisions that are not a sensible use of their time, they do not have the time to put into other aspects of the Housing Corporation's work that might benefit more from their input and experience.

Subsections (2), (3) and (4) address the historic decisions taken by the Housing Corporation and consequently by housing associations and lenders. Subsection (2) gives the corporation and Housing for Wales a retrospective power of delegation to any of its members, committees, sub-committees or employees. That is intended to ensure that statutory decisions already taken are not invalid just because they were delegated by the board on the presumption that it had an implied power to do so. The provision will remove any doubt about the validity of such decisions on the grounds that they were not taken by the board itself, and essentially restores what was assumed to be the status quo.

Although it is retrospective, the provision does not have any of the undesirable elements generally associated with retrospective legislation. No rights are affected by it and no parties are left worse off. It returns us to the position that everyone thought we were in until the end of last year. It is likely that without the retrospective provision, there would not be complete legal certainty about decisions, and the chances of parties being left worse off would be greater.

Grant Shapps (Welwyn Hatfield) (Con): The House takes retrospective legislation seriously—that might explain why a number of Members are present—and it must consider carefully whether such legislation tramples over previous decisions. Perhaps in this case it does not, because of the nature of the Bill, but has the Minister fully considered that possibility?

Yvette Cooper: We have taken the matter seriously. We considered seriously whether we needed legislation at all or whether there were other ways of addressing such concerns. We had extensive discussions not only with the Housing Corporation, but with the Council of Mortgage Lenders and other lenders. They raised with us issues of legal certainty and the difficulties that they would face if there was uncertainty about previous decisions, which might involve lending decisions and decisions about the transfer of resources. Even though we were able to offer reassurance—for example, about the provisions of the Land Registration Act and other measures—it became clear that the retrospective provision was necessary in order to end the legal uncertainty about past decisions. Many of those past decisions have consequences for future lending and investment decisions, it was important to ensure that we addressed concerns about uncertainty with respect to the past.

The role of subsection (3) is to validate past decisions taken or evidenced by a document duly executed under the seal of the corporation or of Housing for Wales. Subsection (4) provides that where the fixing of the seal has been witnessed by any member or employee of the corporation or Housing for Wales in the period prior to the Bill, it has been properly witnessed. The intention of these subsections is to end any uncertainty created by this technicality in respect of past decisions. The last two subsections effectively draw a line under past decisions of the corporation that have been duly executed under seal and authenticated by a member or employee of the corporation, removing any doubt about their validity. Consequently, third parties can assume that a decision properly executed by the corporation under seal is valid.

The Bill will have effect in Wales in respect of decisions of the corporation relating to housing associations in Wales before the establishment of Housing for Wales, and during the later period when the corporation's former functions were carried out by Housing for Wales. Since 1999 these functions have been carried out by the National Assembly for Wales and there is no question about the validity of such decisions.

The Bill will also have effect in Scotland in respect of decisions of the corporation relating to housing associations in Scotland before the commencement of the Housing (Scotland) Act 1988. That Act established Scottish Homes, which took over the Housing Corporation's responsibilities in relation to housing associations in Scotland. Those responsibilities were subsequently transferred to Communities Scotland, an agency of the Scottish Executive. At the end of March, the Scottish First Minister gave the go ahead to a Sewel motion proceeding through the Scottish Parliament. When that process is complete, it will allow the Bill to apply to Scotland. The corporation has never operated in Northern Ireland and as such the Bill does not extend there.

As I have said, the Bill is of a technical nature and rectifies an anomaly in the legal basis of the Housing Corporation, which is basically a result of its age. The

corporation was founded in a less litigious age, when founding legislation operated differently from how it does today. As I have said, the Bill does not give the Housing Corporation any new powers. It will act to protect the Housing Corporation's legal position, innocent third parties and to ensure that those living in social housing have the proper protections to which they are entitled. I therefore ask hon. Members for their full support for this Bill and to help ensure its passage through Parliament as swiftly as possible.

4.6 pm

Michael Gove (Surrey Heath) (Con): I thank the Minister for her courtesy to Opposition Front Benchers in the discussion before the Bill was brought before the House. We had the opportunity to meet her officials, who went a considerable way in reassuring us about certain aspects.

The Bill is presented as a necessary administrative correction—a technical tidying up of existing legislation—which we are being encouraged to pass with as much expedition as possible. Hon. Members are understandably wary when they hear this Government commend legislation in that way. They suspect that an inferno of devils may lurk in the detail. The House's recent experience with the Legislative and Regulatory Reform Bill reminds us that it is often under the guise of administrative tidying up that Ministers try to smuggle significant changes by us. On this occasion, however, I am satisfied that the Government are right to want the Bill passed, and I sympathise with their desire, and that of many interested parties outside the House, to see it speedily enacted.

The Bill necessarily engages with two issues of principle—the principle of legislating retrospectively, which my hon. Friends the Members for Welwyn Hatfield (Grant Shapps) and for Wellingborough (Mr. Bone) have mentioned, and the principle of proper accountability and delegation of powers within the public sector. I shall say a brief word about both in due course, but first I want to explain why we believe that the Bill is necessary on practical grounds. I specifically want to address the practical consequences of failing to give it a Second Reading and of not allowing it to pass relatively quickly on to the statute book.

The stability and buoyancy of housing associations—their ability, therefore, to maintain and enhance housing stock, not to mention building the new housing that we need—increasingly depend on access to private finance. Although the Housing Corporation continues to support housing associations and registered social landlords with grant funding, private lenders have extended some £36 billion of loans to housing associations, which is a huge sum—one almost as big as the Chancellor's current budget deficit. That money has been lent on the basis that the loans are secured and that security depends on consents granted to housing associations under section 9 of the Housing Act 1996.

The 1996 Act allowed the Housing Corporation to give consent to the disposal of land by registered social landlords, and consent was so defined as to cover the sale of land, mortgages raised on that land or charges placed on that land. The giving of that consent has been vital in securing loans at highly competitive rates. Housing associations have been able to borrow at below prevailing market levels, because lenders have known that their loans are effectively secured on that land. Another factor that has helped in gaining access to finance at competitive levels is, of course, the regulatory function of the Housing Corporation, which has given lenders an assurance that the organisations to which they lend are effectively managed and following good practice.

The legal advice that the Housing Corporation received earlier this year, to which the Minister has referred, has placed housing associations' continued access to funding in jeopardy. Because the Housing Corporation did not have the power to delegate its functions below board level, the granting of section 9 consents is in question. An element of additional risk has been introduced into the lending process, and the security of lenders' money may be being jeopardised. If a housing association or other registered social landlord that had been granted a section 9 consent were to collapse financially, there would longer be the same absolute guarantee in law that mortgage lenders would have the first call on its assets.

Because that risk exists, and unless the situation is corrected, there is a risk that lenders might be under pressure to call in loans that are technically unsecured, and access to finance for housing associations would become more difficult. The cost of capital would rise and the losers would be those who rely on associations to maintain, improve and build the social housing that the country needs. The Bill seeks to avert that danger by giving the corporation the power that it always believed it had—indeed, that we all believed it had—to delegate functions such as the granting of section 9 consents below board level. As the Minister said, the Bill retrospectively covers all consents, given in good faith and unquestioned at the time, that allow housing associations to function effectively and to gain access to capital cheaply.

Mr. Bone: We are being asked to pass retrospective legislation, which I always think is very dangerous. Does my hon. Friend accept that another way of dealing with the problem is already being proposed for the Housing Corporation—that is, the granting of a general consent under section 9 of the Housing Act 1996? That would be quicker and would remove the need for the House to pass retrospective legislation.

Michael Gove: I note my hon. Friend's point. I admire his desire to lessen the burden of legislation that the House has to deal with and not to breach the principle of resisting retrospective legislation. However, according to the best legal advice obtained by housing associations, the Council of Mortgage Lenders and the Housing Corporation, the Bill is necessary. It would be foolish for us to counterpoint our wisdom against the legal advice that all those bodies have received. It is important to ensure that we do not introduce additional risk into the lending process, potentially jeopardising the security and buoyancy of housing associations.

By passing the Bill, we will demonstrate our support for the work that housing associations do. They are innovative social enterprises—the best certainly are—and, I may say that their role and functions were considerably enhanced by the last Conservative Government. That is why it is such a personal pleasure

[Michael Gove]

for me to see one of the innovative Housing Ministers of the last Conservative Government, my right hon. Friend the Member for North-West Hampshire (Sir George Young), in his place.

By passing the Bill, we will underpin the smooth functioning of a market that helps to provide a social good—housing—to many of those in our society who are in greatest need. Not to pass it would jeopardise practical goods and undermine compassionate Conservative achievements. It would mark a backward step.

Tony Baldry: My hon. Friend rightly trumpets the achievements of housing associations, but their work often depends on the support of the Housing Corporation. Clause 2(2) says that the Bill extends to England, Wales and Scotland. I am worried that areas such as north Oxfordshire have fallen off the map and that we are a black hole as far as the Housing Corporation is concerned. We have two LSVT—large-scale voluntary transfer—housing associations doing good work on refurbishing and repairing that stock, but no new stock is coming on stream. Working families with children are effectively being condemned to live for ever in short tenancies in the private rented sector. Will my hon. Friend say what we will do to rectify that when we get into government?

Michael Gove: I thank my hon. Friend for his helpful intervention and particularly for continuing to champion the interests of his constituents in north Oxfordshire. As I am sure he is aware, his parliamentary neighbour in west Oxfordshire, my right hon. Friend the Member for Witney (Mr. Cameron), the leader of our party, recently outlined his proposals to ensure that a future Conservative Government will do everything in their power to increase social and affordable housing and to ensure that there is more private housing for rent and for sale. We believe that the most effective way of doing that is by tackling the resistance towards development that currently exists. Our analysis is that the Government, despite their many admirable intentions as regards increasing the housing stock, have not succeeded in overcoming people's understandable resistance to development. Specifically, we believe that the Government have not done enough to carry local people with them when they encourage development or to ensure that new housing is environmentally sensitive. They have especially failed to ensure that new housing development is matched by the required infrastructure.

Mark Tami (Alyn and Deeside) (Lab): Will the hon. Gentleman reflect on the number of Tory councils throughout the country that appear to object to building the housing that he claims is much needed?

Michael Gove: I have reflected long and hard on not only Conservative but Liberal Democrat and Labour councils and independent councillors who are understandably suspicious of new development in their locality. The reasons for their suspicion and reluctance rest with the Government's failure properly to tackle their concerns by ensuring their involvement in the process through adequate consultation and to ensure that new housing is environmentally sensitive and, above all, that infrastructure matches new housing development.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): I draw the hon. Gentleman's attention to Milton Keynes, where the Conservative hon. Member for North-East Milton Keynes (Mr. Lancaster) has joined me in welcoming the Government's investment in, for example, Central Milton Keynes station, which constitutes vital infrastructure, and in the biggest school building programme in the United Kingdom, which is being conducted precisely to meet need. Yet some Conservative Members, despite the provision of infrastructure, continue to oppose housing, apparently because they want the nice green view next door to their houses—built on what were previously green fields—to be protected. Will the hon. Gentleman bend his charm to those councillors—

Mr. Speaker: Order. We are going wide of the business before us, which hon. Members should bear in mind.

Michael Gove: Thank you, Mr. Speaker, for that necessary correction to the exuberance that both the hon. Lady and I feel when talking about housing and Milton Keynes. I am grateful for her compliments—I do not believe that I have much charm—but the people of Milton Keynes are best equipped to pass judgment on whether the infrastructure that the Government and others provide is adequate for their needs.

Before I was so politely interrupted, we were discussing the desirability of the Bill and the way in which it chimes with compassionate Conservative credentials. I recognise that some hon. Members retain an understandable reluctance to pass legislation, however well intentioned, that may have a retrospective application. Indeed, several hon. Members have raised that anxiety. I believe that the practical benefits of the Bill speak for themselves, but let me tackle that legitimate concern.

Retrospective legislation is unwelcome, and dangerous when it renders an individual liable to punishment for engaging in an activity that he had every reason to believe was legal at the time or inflicts a penalty on an individual for a decision that he had every reason to believe was legal when he made it. The desirability of retrospective legislation, which the Bill constitutes, was thrown into relief by the Finance Bill, which received its Second Reading yesterday. Clause 157 makes retroactive charges on specific trusts, placing a potential penalty on many individuals who wrote their wills, confident in their legality at the time they were drawn up. Indeed, according to the Law Society, the Finance Bill could

"affect millions of ordinary people"

and "amount to retrospective legislation" that "needs to be reassessed".

I hope that the Minister for Housing and Planning, who is not without influence at the Treasury, will encourage a reassessment of that retrospective legislation—not only because of the harm it could inflict on many ordinary people, but because the Government's willingness to legislate retrospectively

with such promiscuity undermines their credibility when retrospective legislation, such as the Bill, is genuinely needed.

I hope that I can assure my hon. Friend the Member for Wellingborough that, in the case that we are considering, retrospective legislation is not about inflicting penalties but about removing the risk of incurring new penalties. In the period since 1985, which the Bill covers, not only the Housing Corporation but all those with which it did business—indeed, every interested observer—believed that it was acting legally in delegating decisions. So there is no sense in which the Bill opens someone to a penalty for engaging in activities that they believed to be entirely legal. Indeed, the opposite is the case.

Having considered the principle of retrospective legislation, I want briefly to discuss the principle of delegation and proper administration in the housing sector. The Housing Corporation's board currently has to meet weekly to ensure that it is acting within the law, and that bureaucratic burden is not conducive to the effective discharge of its functions. Although we want the bureaucratic burden on the Housing Corporation to be eased, we also wish that burden on housing associations to be relaxed. The Bill makes precise technical changes to the constitution of the Housing Corporation, but the House will be aware that other changes for the corporation are in the offing. The Elton review of regulation, and the Government's indication that they wish to merge the Housing Corporation with English Partnerships, suggest that this will not be the last occasion on which the House has an opportunity to consider the corporation's functions.

Many right hon. and hon. Friends, and many outside the House, in reviewing how the corporation has operated in the period covered by the Bill, will hope that future changes in its operation will address certain issues. How can we be sure that the rate of social and affordable housing being built will recover from the trough of the past nine years and reach the much higher levels of building that we enjoyed under the previous Conservative Government? How can we ensure that the welcome role played by private developers in supplying social and affordable housing is not restricted, as it is at present, by bureaucratic hurdles—not least the hurdles that they have to clear in accessing Housing Corporation funding? How can we ensure that there will be proper accountability to the House following the merger of the Housing Corporation and English Partnerships? How can we be sure that the level of bureaucratic compliance placed on housing associations is not so high that resources are diverted from maintaining homes, or supplying new homes, into ticking superfluous boxes, meeting a plethora of additional targets and complying with ideological fashions? I hope that the Minister will give us an indication of the Department's thinking on all those matters.

The Bill is a necessary measure to give those who deliver affordable housing, and those who fund it, the security that they need to continue their good work. I commend it to the House.

4.21 pm

Tom Brake (Carshalton and Wallington) (LD): I should like to thank the Minister for providing the briefing to the spokesman who leads on Office of the Deputy Prime Minister matters for the Liberal Democrats. I also commend the Minister, as she appears to be following in the footsteps of Robert Dalgleish, a Liberal Member of Parliament for central Glasgow in the 19th century, whose great-granddaughter I met last week. I understand that he acquired a reputation for speaking in the House only when he had something to say. I commend the Minister for doing that, and I would commend that practice to other Members. She made a very brief contribution today, and I will do the same.

We could have had much fun with this legislative lacuna. The Housing Corporation has undoubtedly made a number of decisions, including consenting to loans, whose validity is questionable. However, this matter is much too important to jest about, and I am sure that if I were to go down that road, the Speaker would pull me up. This could also have been an opportunity to talk about the funding available to the Housing Corporation, particularly the funding available in London and the south-east to provide affordable housing in boroughs such as mine, the London borough of Sutton, where there are about 4,000 households on the council waiting list for affordable housing, of which there is very little. My office has now made four attempts to arrange a meeting with the Minister about this, and I hope that our fifth attempt will be successful.

Tony Baldry: There has been much speculation in the London borough election campaigns about the British National party increasing its share of the vote. Does the hon. Gentleman agree that that prospect might have nothing to do with its members being racists? It might be that people in the London boroughs are worried that they cannot get affordable housing and are hacked off that they seem permanently to be denied access to the housing market?

Tom Brake: The availability of affordable housing is certainly an issue in the local council election campaigns in London, although I hope—as I am sure the hon. Gentleman does—that it will not prove successful in boosting the level of support for a party that has no role to play in a proper democratic society. There is certainly no evidence where I live that it is going to make inroads, and we shall be doing everything that we can, along with the other major parties, to ensure that it does not.

As Members will know, the Housing Corporation is a non-departmental public body that was established more than 40 years ago in 1964. Its function is to promote, finance and supervise the voluntary housing movement in England, and it has wide discretionary powers. As the Minister has explained, the need for the Bill arises from a failure to make it sufficiently clear in earlier legislation that the Housing Corporation had the power to delegate the exercise of its functions.

The necessary objectives of this short—indeed, diminutive—Bill are therefore clear: to give the Housing Corporation those powers, as the Minister has said, and to validate retrospectively decisions taken by the Housing Corporation's committees, officers and employees. The necessity for such legislative change is self-evident, and the Liberal Democrats intend to allow the Bill a swift passage. Before we allow it to proceed, however, we have a small number of questions, which I

[Tom Brake]

hope that the Under-Secretary, the hon. Member for Poplar and Canning Town (Jim Fitzpatrick), will be able to answer.

Can the Minister explain the likely impact of rejecting this Bill? The official Opposition's spokesman has done a good job in describing some of the possible impact, but perhaps the Minister will have identified other concerns, which he might or might not want to share with the House and put on record. The Bill confirms what every Member of this House knows—that the legislative process is prone to, if not hesitation, certainly repetition, deviation and omission.

Can the Minister confirm whether the need for the Bill has prompted the Government to undertake a review of all non-departmental public bodies? It has been explained that, more than 40 years ago, such a body appeared to be the norm. More recent non-departmental public bodies have been established in a different way with different powers. I hope that an alarm bell might have rung in Government as to whether a review is needed to consider if such action needs to be taken in relation to other bodies. Can the Minister confirm whether such a review has been undertaken and whether the Government have identified other bodies that, retrospectively, require similar legislation to be implemented?

This Bill, although a mere 22 lines long, performs an important function. To say that we welcome it would be overstating the case, but we do see the need for it, and the Minister is clearly getting us out of a fine mess. We will therefore support the Bill on Second Reading.

4.27 pm

Tony Baldry (Banbury) (Con): The House recognises that it is desirable to bring this business to a close speedily, as I suspect that everyone wants to get out to campaign in the local elections. In the case of Ministers, there is a new urgency, as today's opinion polls demonstrate that support for the Labour party and the Government has fallen to its lowest level for two decades. I recognise that it will be difficult to maintain oneself in order on such a Bill for any great period. I hope, however, that I can make one or two comments without getting out of order.

The housing market essentially comprises of three means of housing: home ownership, of which our home-owning democracy has probably the highest proportion of any country in western Europe; affordable social housing; and the private rented sector. For a long time, the policy on social housing was driven by district councils, but over time and under Governments of both hue, that responsibility has shifted to housing associations supervised by the Housing Corporation.

In a sense, where housing associations grew up and developed strength was something of an accident of history. In many areas of the country, housing associations emerged from the desire for large-scale voluntary transfer of former council property into housing associations. For the tenants of those properties, who moved via large-scale voluntary transfer into new housing associations, it was often a good deal, as those new housing associations could use funds to upgrade or install central heating and double glazing. Large-scale voluntary transfer has been a great success across the country.

David Taylor (North-West Leicestershire) (Lab/Co-op): The hon. Gentleman may talk about large-scale voluntary transfer, but in some recent cases it has been large-scale coerced transfer. Does not he agree that those affordable housing associations are much less accountable and in any sense democratically responsive to the group of 2.5 million tenants or more whom they represent? Is not that a step backwards?

Tony Baldry: I think that the hon. Gentleman is mistaken. Certainly the housing associations in my part of the country—including Banbury Homes, which is part of Shaftesbury Housing, and Charter Community Housing—have good tenant involvement. Only the other day, they organised an open advice day for local tenants at the Spiceball centre in Banbury, working with other agencies, including the district council, to explain such matters as housing benefit. I thought that that was a very good initiative, and I believe that tenants of both Banbury Homes and Charter Community Housing are very satisfied with their landlords. After all, the tenants had to vote, by a majority, for the large-scale voluntary transfers.

What concerns me is where the new social housing is to come from. The Housing Corporation is concerned about its members, committees, sub-committees and employees. My concern is this. When money is allocated through the regional housing boards, designated growth areas such as Milton Keynes and the Thames Gateway do extremely well, but shire districts are literally white on the map: they receive no money from the Housing Corporation. The Minister suggested that Banbury Homes and Charter Community Housing should apply to the regional housing boards, but the trouble is that those associations are below the size of those that the Housing Corporation appears to be funding. The Minister looks quizzical, but the corporation seems to have an unwritten policy of funding only certain areas.

My hon. Friend the Member for Surrey Heath (Michael Gove) rightly referred to new development. Banbury and Bicester, in my constituency, are probably two of the fastest-growing towns in the country, and a great deal of new development is going ahead. The difficulty lies in the definition of affordable housing. Developers have sold a proportion of their housing at below market value for the first time, so for the first time it is affordable housing because someone buys it at below market value; but it is not affordable housing thereafter. We are not seeing new social housing being introduced as part of the planning process for new development.

Again, the Minister looks quizzical. Let me challenge her, as Minister for Housing and Planning. We have a huge housing development, which she has just decided not to call in, at Bankside/Bodicote. I shall be interested to see how much new social housing comes to that development as a consequence of the planning system. I suspect that very little will do so. As a result of all that, working families on low incomes with children are finding it extremely difficult to gain access to secure housing.

Yvette Cooper: Has the hon. Gentleman asked his local council what section 106 negotiations they are

having? It is possible for section 106 arrangements to cover the provision of social housing, and many planning authorities—especially in high-demand areas and areas where there is a considerable growth in new housing—are ensuring that they get very good deals so that new social housing is provided.

Tony Baldry: With respect, the difficulty with section 106 agreements is that developers are having to come up with huge amounts of infrastructure, such as new primary schools and contributions to new secondary schools. They tend to go back to the local authority and say "If any more burdens are placed on us, the development will become unviable." I invite the Minister, through the Government office for the south-east, to look at the Bankside/Bodicote example—a large new development with very little social housing coming through, using the planning system by way of benefit.

Working families on low incomes are finding themselves in a catch-22. They are told by the housing authorities that if they go on to the housing waiting list, they will probably have to remain on it for a very long time. If they move into the private rented sector, they are told that they are adequately housed, so they drop off the social housing list. However, the reality is that they are in semi-permanent housing in assured shorthold tenancies.

Those of us who are fortunate enough to own our own homes know that one benefit of home ownership—of the security of tenure that freehold gives—is that we can do things in our own gardens and houses that those in private rented sector accommodation cannot do. Under the Bill, the Housing Corporation has to cover England, Scotland and Wales, so by definition, it has to cover Oxfordshire. My worry is that at the moment, there is no sign of its covering Oxfordshire—it is invisible so far as Oxfordshire is concerned. Why is that so?

I therefore hope that we will see shared equity policies that will enable working families in Oxfordshire, as elsewhere, to get the secured tenancy that social housing provides, rather than their having to live for ever in the private rented sector. Such temporary accommodation may well enable social mobility by allowing people to move, find a job and get settled, but many families want then to move into more permanent tenancy. At the moment, such tenancy is being denied them in areas such as mine.

4.37 pm

Mr. Peter Bone (Wellingborough) (Con): I begin by drawing the House's attention to my entry in the Register of Members' Interests, and to the fact that I am an unremunerated member of Rockingham Forest housing association. Housing associations play an extremely important role in our society. They provide housing for some of the most vulnerable people, and have grown in importance year by year. The Housing Corporation, which is the Government's governing body of registered social landlords and housing associations, regulates and funds RSLs.

Housing associations were created some 42 years ago, in 1964. Since that time, the Housing Corporation has funded almost 1 million new homes, and it has helped thousands of homeless people and others living in poor housing conditions. It regulates some 2,000 housing associations across the country, which, in turn, manage more than 2 million homes. It also administers the national affordable housing programme to build and renovate homes, in which it will have invested £3.3 billion by the time it ends. By no means, therefore, can the Housing Corporation and housing associations be considered insignificant; they play a crucial role in our society.

The Government claim that the Bill merely tidies what everyone already accepts as the current situation, but I have a number of concerns. Indeed, I am not entirely sure that I could support the Bill if it were pushed to a vote tonight. The Housing Act 1964 gives no indication whatsoever that board members should be allowed to delegate their responsibilities in respect of disposals to sub-committees and officers. All the work relating to disposals is performed by housing associations. None of it is done by the Housing Corporation, which simply rubber-stamps applications from housing associations, of which there are only some 100 a year.

The Housing Corporation's board of directors comprises 15 members, who take home more than £250,000 a year, plus pensions. Board members are required to work five days a month, on average—which is at least one day a week—and the chairman, who is paid more than £50,000 a year, is asked to work two days a week.

The 1964 Act requires the board to approve disposals; why are we being asked to change that arrangement through retrospective legislation? Anyone who looked at the original Act would conclude that the board must consider disposals. The directors are not underpaid and it is not as though they do not have the time to do the job. Although they meet only once a week, the board meetings are, I understand, very short. The Housing Corporation is not doing any of the work and has never refused a disposal from a housing association, so perhaps Parliament was correct originally and we should not pass retrospective legislation when there is no indication that Parliament wanted that delegation.

I understand the concerns that have been expressed, especially by lawyers, about charges, which are regarded as disposals under the Act, but section 9 of the 1964 Act provides for a general consent. The general waiver, as proposed only on 17 March by the Housing Corporation, would remove the need for retrospective legislation. That is not new, because that general consent has been used in the past. I am therefore very concerned about whether we need retrospective legislation, and I hope that the Committee will consider that issue in detail.

I had expected that the Government would suggest that the omission was just a drafting error and that this was an ultra vires matter that should have been in the original Bill. I could understand that, because since I have been an MP I have seen numerous examples of bad drafting, which have to be corrected. I sit on the Joint Committee on Statutory Instruments and each week we have four, five or six statutory instruments that have defective drafting and have to go back to be changed.

Mark Tami: The hon. Gentleman will accept that sometimes things are wrong and have to be corrected, in

[Mark Tami]

the same way as his party has now recognised that everything that it stood on at the last election was completely wrong.

Mr. Bone: I am not sure that I do accept that. However, if the hon. Gentleman is saying that the Government often introduce legislation that is badly drafted and wrong, I agree.

If the problem were due to bad draftsmanship over several years, I would accept that it should be corrected. However, the wider problem is that we do not have enough time to scrutinise legislation properly. So many times we face guillotines or programme motions that stop us considering legislation. I often sit here with an amendment list, but we discuss only the first few groups before the guillotine falls. If we had more time to discuss Bills, drafting errors would not occur. I suggest that the Bill proves that we should have fewer programme motions and guillotines and more time to scrutinise Bills properly, clause by clause.

As an aside to those remarks, it is interesting to note that if the Bill were European Union legislation, we would have no power to correct it. We have laws in this country that are badly drafted and inconsistent, but this House cannot correct them.

David Taylor: Does the hon. Gentleman agree that most drafting errors tend to emerge not during forensic debate in Committee or elsewhere, but from the resources of researchers and others who analyse Bills on behalf of Opposition parties? Would not that be a more appropriate use of Short money than make-up for the leader of the party?

Mr. Bone: If the hon. Gentleman is suggesting that if we had longer time to scrutinise the Bill we would not pick up such errors, I disagree. We should have more time to debate Bills and make proper decisions.

Another question is whether the House should debate unnecessary Bills. All Bills that come before us should be relevant and take all necessary objectives into account, but consideration of this Bill should be postponed. The fear of retrospective problems could be removed by the method of general consent, and in the future it will be quite acceptable for the board of directors to meet once a month to decide the matter.

Why is this Bill being brought forward now? On 19 May, the consultation on the proposal to merge the Housing Corporation and English Partnerships will end. Given that that process is so near to conclusion, why did the Government not wait until the summer, when they could have brought before the House a full Bill covering all the relevant issues?

What are we talking about with this Bill? A picture has been built up that the poor, underpaid directors of the Housing Corporation have a massive amount of work, but it seems to me that they have to deal with only 100 bits of paper a year. Anyway, they already meet five times a month, on average. I do not think that there is much of a problem, and in any case these matters can be handled retrospectively.

However, another question arises: why on earth does the Housing Corporation bother to approve disposals? It never rejects any, and all the work is done by the housing associations. The Bill would do better to remove the necessity for the Housing Corporation to approve individual disposals, while retaining its power to regulate housing associations.

This may be the wrong Bill at the wrong time, and I hope that substantial numbers of improving amendments are tabled in Committee. The Bill could be changed to take account of the performance and effectiveness of housing associations. For example, an index that has just been published shows that seven of the 10 most efficient housing associations deal with fewer than 1,000 properties. I have to declare an interest, in that Rockingham Forest is the 18th most efficient housing association in the country.

I fear that we may be wasting time today debating a Bill whose introduction could have been deferred, and whose contents could have been presented in a better format. I hope that the Bill will be looked at carefully in Committee.

4.48 pm

Grant Shapps (Welwyn Hatfield) (Con): I want to make two brief but important points about this short Bill. The first has to do with accountability, and the second with the Bill's retrospective nature.

On accountability, clause 1 provides very broad powers to all sorts of committees and sub-committees. It states that the Housing Corporation will be able to

"delegate the exercise of any of its functions to any of its members, committees, sub-committees or employees".

That is a very large responsibility to hand over to almost anyone who comes into any sort of contact with the Housing Corporation. By comparison, as my hon. Friend the Member for Wellingborough (Mr. Bone) pointed out, the present situation is very restrictive, in legal if not in practical terms. What is proposed is the opposite of the current legal requirement, which is that all decisions must be taken by a very small board of directors meeting about five times a month.

I accept that, in practice, that is not what has been happening since the 1985 Act came into force, although it has become much more common since the problem with that legislation was discovered in January. However, the Bill seems to be taking the legal position to the opposite extreme, allowing almost anyone with any sort of connection to the Housing Corporation to make a decision on the corporation's behalf. The Minister would do well to consider that point in some detail before the Bill completes its passage.

The simple fact is that the Housing Corporation is answerable to the House and thus to the Minister, which leads me to highlight a wider point that concerns me somewhat—the composition of the Housing Corporation and its accountability to this place. At the last count, the corporation was answerable to the Housing Commission, the Audit Commission, the Charity Commission, the Financial Services Authority, the Public Accounts Committee and something called the finance, management and policy review committee, which meets once every five years. That is an awful lot of lines of accountability, before we even get to the Minister and the House itself and I am concerned that as clause 1 allows such wide-ranging powers to such an enormous number of individuals, with only a vague connection to the corporation in some cases, we may be making the kind of drafting error to which my hon.

Friend the Member for Wellingborough referred. We must look carefully at those lines of accountability and not simply take it for granted that we have got the legislation right this time.

My second point is about the retrospective nature of the Bill, which has already been touched on. Like most Members, I accept that some legislation can be retrospective, but I am concerned that the House should consider such legislation on every occasion. We should not enter into it lightly.

There is some expert opinion on the matter. Professor Charles Sampford has argued that

"many laws have partially retrospective effects. The issue is not whether those effects are retrospective, but the nature and extent of those effects and the reasonableness of their imposition".

In other words, will the Bill be reasonable in its imposition? Many, though not all of us, probably consider it reasonable in the circumstances, especially because its impact will be not on the rights of individuals but on those of housing associations. It is probably sufficient.

However, I give this caution. If we combine the two factors that I described—the potential for lack of accountability given all the different strands, including the Minister and the House, and the retrospective nature of the Bill—the Minister must be aware that he has to take into account not only everything that happened in the past, but everything that will happen henceforth. When so many people have accountability or authority in respect of the Housing Corporation, implementing retrospective legislation is an enormous responsibility. Those are the issues that most concern me.

Will the Minister consider whether the matter could have been handled differently? Could non-retrospective legislation have been used to tidy things up? I understand that in reality decisions were made as the Bill now proposes, although they were outside the remit of the law, as we have discovered, but in the light of my cautionary tales about accountability and the retrospective nature of the Bill I urge the Minister to ponder whether there might have been another way.

David Taylor: Would the hon. Gentleman care to contrast the model of accountability that he has just described, involving housing associations and a highly delegated Housing Corporation, with the rather more satisfactory model of local authority housing departments responsible, through elected councillors, to the community that they represent? Which does he think is the best way for social housing to operate and be responsive?

Grant Shapps: One thing that is quite obvious—it has happened since the formation of housing associations—is that a huge amount of private sector money has gone into building social housing. I am sure that the hon. Gentleman would agree that that is an extremely good thing. I do not have the figure to hand, but I recall that it is about £28 billion, as opposed to about £4 billion of public money, enjoyed in the context of the whole set-up, including the Housing Corporation. I am sure that he will recognise that it is the total amount of money that goes into funding local and social housing that is important, not necessarily how that funding takes place.

The hon. Gentleman touches on an important subject that I tried to address in my points about accountability. As he indicates, there are a huge number of bodies involved in the management of the situation. I worry that the accountability that should correctly come straight down to this place through the Minister is muddied in many ways during a process that involves the Housing Commission, the Audit Commission, the Charity Commission, the Financial Services Authority, the Public Accounts Committee and the finance, management and policy review body.

I wonder what would happen if, for example, the finance, management and policy review body, which considers these matters every five years, decided that the Housing Corporation was doing part of its job very badly, but the Public Accounts Committee decided that the Housing Corporation was doing that part of its job well. Where does the accountability lie? Is it with the Minister, or with the House in general? There are rather too many bodies involved for my liking. I wonder whether the Bill might have taken the opportunity to tidy that up somewhat. That may be the great missed opportunity that my hon. Friend the Member for Wellingborough referred to.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Does my hon. Friend agree that there is growing unrest in our communities about accountability or, more importantly, lack of accountability by the Government? Let us take the example of Milton Keynes partnerships, the unelected, unaccountable quango that has been charged with the delivery of the expansion of my city. Tomorrow night, I will present a petition to the House—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I think that tomorrow will be sufficient unto the day. The hon. Gentleman is trying to invite his hon. Friend to depart from the narrow confines of the Bill.

Grant Shapps: I have tried to confine myself to the two clauses in the Bill. In summary, there are, as I have outlined, one or two potential missed opportunities in the Bill. Perhaps there should be third and fourth clauses to tidy up one or two of those things and, in particular, to narrow those lines of accountability. Further consideration of the retrospective nature of the Bill—and whether that could have been handled differently or in a better way—would have been most welcome. I simply ask the Minister to consider those matters this evening.

4.58 pm

Anne Main (St. Albans) (Con): As other Members have pointed out, this is a very brief little Bill, which consists of a few lines. I think that the hon. Member for Carshalton and Wallington (Tom Brake) pointed out that there were 22; I have not counted them. Given that it is only a few simple lines, one might think, "Why do we need it?" We have run round the houses slightly in relation to some of the reasons why people might think that we need the Bill. In essence, the Bill is retrospective. We have been told that it will sort out a glitch or oversight in a system that has introduced doubt, confusion and perhaps even sclerosis and could introduce mayhem if things start to go dreadfully wrong.

The system is already complex, as my hon. Friend the Member for Welwyn Hatfield (Grant Shapps) has pointed out. It was supposed to be designed to ease the

[Anne Main]

smooth running of our housing associations via the Housing Corporation. It is supposed to help them to discharge their duties effectively.

Housing associations serve our local communities but are not without their own problems, and the uncertainty that is hanging over them is not helping. Indeed, as my hon. Friends have said, some local housing associations have heavy burdens placed on them, and obligations are placed on them by the Housing Corporation itself.

The glitch or oversight in the earlier legislation—it was discovered in January 2006—is now promising mayhem or sclerosis, depending on how we look at it. Some hon. Members may feel that those words are somewhat wild in respect of a little 22-line Bill, but they should stick with what I am saying, because I should like to give a brief overview of how things stand.

We have been told that since the passing of the Housing Associations Act 1985, the Housing Corporation possibly has been operating by delegating its statutory duties below board level but without the express power to do so. That has caused some worry, and as the House is aware, that gap in the corporation's constitutional powers has come to light only recently. So we have had to undertake a finger-in-the-dike exercise, as referred to by my hon. Friend the Member for Wellingborough (Mr. Bone), who is no longer in his seat, to stem the flow of those delegated decisions that have been taken without express permission. As has been said, the result of that exercise is numerous board meetings that were possibly not happening before.

As the Minister, who is enjoying my speech, is probably well aware, under the 1985 Act, everything that the Housing Corporation wishes to do—from the allocation of large funding streams to registered social landlords, to the disposal of land under section 9 of the Housing Act 1996, which has been mentioned as one of the more contentious issues, or even possibly the switch to fair trade coffee, of which we are all in favour—would in theory require a board meeting. Those decisions are now delegated without express permission, and clause 1(2) seeks to get rid of that anomaly.

As I have said, fingers are rapidly being put into the dike, and I ask hon. Members to run with that thought a little and imagine any other business in which myriad decisions must be made at board level that would be made routinely by other delegated authorities, and we are being asked to stop the nonsense that seems to have occurred as a result.

Many Members would agree with my hon. Friend the Member for Wellingborough, who said that we should not feel too sorry for those hard-pressed board members and that theirs is a rather easy lot for not bad remuneration. However, if they are asked back too regularly, we can even imagine en suite and dining facilities being needed in the boardroom to stop them running around the country in a sort of haphazard manner trying to ensure that they can attend their day jobs, as well as attending board meetings. Having spoken to them today, I understand that they attend two meetings a week, not the one meeting that has been mentioned; but even so, we might not feel too sorry for them about the increased work load that results from that glitch.

I will not try to labour the point too much to try to elicit too much support for those hard-pressed board members, but the reality is that that to-ing and fro-ing and confusion will inevitably have a knock-on effect on the efficient working of local housing associations, which await the decisions and are wondering whether they have been made correctly.

Those are housing associations such as the one in my constituency, the Hightown Praetorian, which is a regional housing association that provides a wide range of housing and support services for families and single people, including those with special needs. Despite difficult market pressures, the association is trying to deliver the social rented housing that other members have referred to in an area where land prices are prohibitively high. As the hon. Member for Milton Keynes, South-West (Dr. Starkey), who serves on the Select Committee on the Office of the Deputy Prime Minister, knows, that is very difficult to deliver, but it is what we are getting from our housing associations.

Mark Tami (Alyn and Deeside) (Lab): Can the hon. Lady explain why she signed early-day motion 23, opposing house building in Hertfordshire?

Anne Main: I most certainly can; I am opposed to inappropriate development. Fortunately, I chose to ignore the rather throw-away remark about wanting to see a green field out of the window made by some hon. Members who oppose development, but I will not go down that route, Mr. Deputy Speaker. I could be seduced into arguing about why the proposal to put 15,000 houses in the green belt in my constituency is inappropriate, but I will not go there, or a 3.5 million sq ft—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. May I suggest that it would be inappropriate for that line of argument to continue?

Anne Main: I was carried away, Mr. Deputy Speaker, so let us return to the Hightown Praetorian housing association. It alone has 2,500 homes that are managed in Hertfordshire, Bedfordshire and Buckinghamshire. It employs 350 staff and has an annual turnover of £15 million; clearly it is a large enterprise. It has a comprehensive set of development proposals for 450 extra houses. I am concerned that all that will be thrown into doubt if we do not resolve the matter today. Uncertainty about the funding will be damaging. The plans apply for the next three years and the association wants to know where it stands.

The homes that Hightown Praetorian provides serve a diverse range of needs; it offers homes under shared ownership, key worker and sheltered accommodation, a woman's refuge and a 24-hour support service. Other hon. Members have already questioned whether all the demands should be met by the local authority. I suggest, as my hon. Friend the Member for Welwyn Hatfield (Grant Shapps) said, that we need the diverse approach that the housing association offers. We have a 24-hour support service, as I said, and an emergency night shelter, called Open Door, in the heart of St. Albans. I visited it only two weeks ago, Mr. Deputy Speaker. If you ever visit my constituency, I can honestly say that it is well worth dropping in; the organisation has wonderful volunteers who provide soup kitchens for the homeless.

Discussions with Hightown Praetorian's manager revealed that the housing association was already concerned about its funding stream. How much more concerned will it be if the uncertainty is not resolved today? The association has taken many decisions since 1985 and it does not want them to be open to challenge or doubt. Clause 1(2) should resolve the problem. John Rouse, the housing association's chief executive, is very concerned and is doubtless watching our decision with great interest today. He has already written to all the housing associations and confirmed that new procedures are in place. He will advise them of any new time scales for decisions.

As other hon. Members would agree, it is always worrying when any business advises its customers of new time scales; it usually means delays. I do not want my local housing association to face delays, particularly in respect of the 450 houses it is intending to build in the next three years, so I am sure that right hon. and hon. Members will appreciate that we need to try to sort the muddle out. That is what the Bill is designed to do. Concerns have been expressed, but we require assurance and clarity.

I know that I am not alone—my hon. Friend the Member for Wellingborough has already said it—in generally abhorring retrospective legislation. Once we start going down the road of trying to tweak things that are in the past, we will face big problems. That applies to retrospective proposals for planning that seek perhaps to legitimise a building that has sprung up without permission or when the Chancellor attempts to claw back trust funds. People need to plan in the knowledge that the appropriate legal framework is in place and that no one will want to tweak it later.

I repeat that I abhor retrospective proposals generally, but this Bill is not primarily about that. I agree with the Minister who said that it was a tidying-up exercise and should be viewed in that light. Once we start to revisit and re-legislate, we will be in big trouble. It is highly reprehensible to pull the rug out from under the feet of people. The Bill, however, is about giving people more certainty about the future. I maintain my general opposition to retrospection, but the Bill will legitimise the current state of affairs, remove the element of doubt and uncertainty, free up the system and allow my housing corporation and others to get on with their business; there is much business to be done.

I do not give a resounding 10 out of 10 to all the dealings of the Housing Corporation—legitimate concerns about it have already been expressed today—or to all the activities of all housing associations. There are some good and some bad, and there are also some glaring inequalities in the allocation of funding, as in the case of Oxfordshire. Funding problems and inequalities also apply to various groupings. Housing associations should look more into that problem.

One glaring example of inequality is the plight of our ex-service personnel. Often the Housing Corporation or housing associations do not take decisions to help such people. If these organisations could be freed up from contemplating their navels and allowed to focus on relieving some of the glaring inequalities that underpin the plight of ex-service personnel who fall foul of the complex regulations, I would welcome that. Local connections are important. Many soldiers return to their locality, after being discharged from the Army and having been moved from base to base with their families, only to find that, unless they are homeless, they are not entitled, under housing association rules, to be placed on the register. They often face that difficulty only four weeks on from discharge. It is an impossible position to be in. I know that the Minister has already been approached about that problem, but—*[Interruption.]*

Mr. Deputy Speaker: Order. I hope that the hon. Lady will accept the metaphor that she is stretching the elastic a little too far in the argument that she is now pursuing. She is getting too far away from the Bill.

Anne Main: I apologise, Mr. Deputy Speaker, but as you can see I am passionate about this, and I know that other hon. Members who support our armed forces feel the same.

I shall have to leave out the homeless ex-servicemen in my constituency, but homelessness is a big and glaring injustice. We must make sure that there is certainty and clarity now as a result of passing what seems to be a fairly minor retrospective amendment to the housing legislation. It should have been in place in the first place. If it allows housing associations and the Housing Corporation to get on with the job that they are supposed to do, it will have my support.

5.10 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): I am delighted to have been called in this debate as the Housing Corporation and the housing associations and registered social landlords that it oversees have a major impact on the lives of my constituents. According to the last census, 13.5 per cent. of Hammersmith and Fulham residents rent a property belonging to a housing association or another RSL, which is more than twice the national average. It is one of the highest rates in the United Kingdom, especially for a local authority that has not yet undertaken any significant large-scale voluntary transfers.

Our most important housing associations in Hammersmith and Fulham include the Notting Hill Housing Group, the Peabody Trust, and the Shepherds Bush Housing Association. Each has more than 1,000 housing units. The Notting Hill group alone has more than 4,000 homes in Hammersmith and Fulham. We have 49 different housing associations operating in all. The main RSL that will feature in my speech is the Notting Hill Housing Group. It has treated many of its tenants dreadfully in the recent past, and I wish to discuss the Bill's impact on them. Many tenants were treated so badly that they became activists in the general election for me last year, knocking on doors, stuffing envelopes and so on. In fact, they are the original Notting Hill Tories, converted to the blue cause not by lizards changing colour, as one sees on ridiculous Labour party leaflets, but by finding a candidate who takes an interest in their problems and complaints.

We all share an interest in seeing the Housing Corporation and housing associations operating effectively, so I welcome in general the Bill's provisions. However, I believe that we need a larger debate on the future of social housing and housing associations in general, and the Bill therefore represents something of a missed opportunity. Given the demand in the House for

[Mr. Greg Hands]

more discussion of these issues, it seems a great pity that a whole day of Government time has been allocated to debating essentially one paragraph of a technicality, even if it is an interesting technicality. I mentioned to many housing association tenants in Hammersmith and Fulham that this debate was coming. Certainly, a number are concerned that previous decisions made by the Housing Corporation may not have been legally valid. Equally, a number are interested in an opportunity to see some of those decisions reversed. So this kind of bureaucratic mistake does not reflect well on our public institutions, including Parliament, which passed the Bill in the first place.

I want to talk about some of the missed opportunities in the Bill, but first I want to mention its shocking cost—£1.50 for only 22 lines is the price recorded on the reverse by The Stationery Office, which represents incredibly poor value for money.

The first problem is the poor accountability of housing associations. The Bill is all about accountability, so this is indeed a missed opportunity. Let us contrast housing associations with councils as landlords. I am disappointed that the hon. Member for North-West Leicestershire (David Taylor) has departed because I want to say something about council management of homes.

The council has an advantage in being directly accountable in that it is, of course, elected. Obviously, it is not only its tenants who vote in council elections, but no candidate or local councillor can afford to ignore the voice of council tenants. In many London boroughs, the marginal wards can almost be defined as those that have a sizeable number of council tenants.

In the borough of Hammersmith and Fulham, the ward in which I live—Fulham Broadway—is a key marginal, largely because of the presence of the Clem Attlee estate, which is mostly council-owned. One of the most influential people in the borough is Val Barker, who chairs the Clem Attlee Rocque and Maton residents association, which she does very well, taking scrupulous care to remain politically neutral. Her voice is influential, but she does not have a powerful equivalent in neighbouring registered social landlord estates. We therefore need to do more to improve tenant involvement and RSLs' accountability to tenants. Council officers effectively deal with day-to-day matters on council estates, including repairs, the collection of refuse, the investigation of antisocial behaviour reports and so on. Most council tenants know that if things do not go well, they can call or contact their councillor. In turn, the council officer has a constitutional duty to address practical concerns by listening to the councillor, at the very least. That is not categorically not the case for housing associations. Better housing associations listen to cases brought by individual councillors, but many do not do so and go out of their way to obstruct councillors' inquiries.

To return to the Housing Corporation, such political influence is not afforded to housing association tenants. By contrast, private sector tenants, who lack council tenants' political clout, often have a more responsive landlord. We have all dealt with hundreds of cases in our constituencies involving nightmare private landlords. In my experience, however, I receive far fewer complaints about private landlords than about RSLs or the council, which leads me to conclude that private sector landlords are usually more responsive to problems and complaints.

Dr. Starkey: The hon. Gentleman may be approached by not as many private tenants with problems as council tenants because his constituents believe that an MP has more influence over elected councillors, particularly if they both belong to the same party, than over private landlords.

Mr. Hands: The hon. Lady makes a good and valid point, but my experience in Hammersmith and Fulham does not bear out her argument about the number of people who complain about their RSL compared with the number who make an approach about a private landlord.

The Bill should include measures to improve accountability, not just in the Housing Corporation but in local housing associations. Tenant participation is still low in many RSLs. Tenants associations are packed with placemen who agree with the political direction of the borough in question, or are filled with people deemed politically acceptable to the individuals in charge. We need to strengthen tenants' rights and their participation in housing associations. Housing association tenants are the poor cousins when it comes to tenant power, and that must change.

Another matter over which tenants lack control, and which may be affected by the Bill, is the speed of escalating rent rises, especially in London. It is shame that none of the measures in the Bill will do anything to control housing association rent rises under Labour or make them easier to challenge. The Minister may guffaw, but I am about to challenge him by citing one of his allies. The central Government formula introduced by Labour in 2001 allows housing associations to raise rents according to a formula of the retail price index plus 0.5 per cent plus £2 a week—we were told that that was "rent restructuring". In practice, most housing associations have levied the maximum allowable annual increase. The Minister does not have to take my word for it—I urge him to listen to the words of my Labour predecessor in Hammersmith and Fulham, who told the House on 5 December 2001 at column 134WH:

> "In my borough, the Government proposals will lead to higher rent increases in the next 10 years than in the past decade—I remind my hon. Friend that the majority of that was spent under a Conservative Administration—despite the fact that we have proved that London rent increases have been well above average during that time. The average rent increase in Hammersmith and Fulham over the past 10 years was 23.2 per cent., compared with the projection based on the current proposals"—

those proposals were for rent restructuring—

> "of 29.5 per cent. over the next decade."

He went on to say:

> "That will apply particularly to one and two-"—[*Official Report, Westminster Hall*, 5 December 2001; Vol. 376, c. 133–4 WH.]

Mr. Deputy Speaker: Order. The hon. Gentleman is beginning to spin out of orbit so far as the Bill is concerned. This is not the appropriate platform for a general comparative discussion of rents and rates of increase. He should come back to the terms of the Bill.

Mr. Hands: I accept your guidance, Mr. Deputy Speaker. I was merely pointing out that great play was made in 1998 of rent rises. That was reversed by rent restructuring in 2001, which led to the Housing Corporation, having previously teamed up with councils such as Hammersmith and Fulham and being a backer of low rents—remember the words of my predecessor: tenants would, ironically, have been better off under the Conservatives—being metamorphosed overnight into a facilitator of inflation-busting rent rises. We are half way through the so-called rent restructuring, which will see housing association rents rise.

Mr. Bone: Does my hon. Friend agree that, with reference to the Housing Corporation, there are a great many omissions from the Bill?

Mr. Deputy Speaker: Order. I am sure the hon. Member for Wellingborough (Mr. Bone) is trying to be of assistance to the hon. Member for Hammersmith and Fulham (Mr. Hands). However, as I have already suggested, a wider discussion about rents is out of place.

Mr. Hands: I agree, Mr. Deputy Speaker. I merely point out that my Labour predecessor was right. People are better off under the Conservatives.

That brings me to another aspect of the work of the Housing Corporation that is barely addressed but could be endangered by the provisions of the Bill—that is, the creation of more shared ownership housing in London. I had the great pleasure of welcoming my right hon. Friend the Member for Witney (Mr. Cameron) to my constituency last month to look at a shared ownership scheme at Invermead close in Hammersmith, which we hope and expect to be successful. According to the census that I mentioned earlier, shared ownership is just under 1 per cent. of the total housing stock in Hammersmith and Fulham.

The Opposition support shared ownership schemes as a way of helping people on to the property ladder in expensive areas such as Hammersmith and Fulham. We need to consider how the Housing Corporation can encourage more shared ownership builds. Increased powers of delegation may help, although I believe that the shared ownership decision should probably be taken at board level.

Not all shared ownership schemes are a success. One in my constituency has been a spectacular failure to date. Two weeks ago I chaired a meeting of the residents of Mallard house in the new Imperial Wharf development in Fulham, together with officers of the housing associations. It is a pity that the Housing Corporation was not represented. Imperial Wharf is the largest residential housing development seen in west London for many years, with 2,000-odd homes approved so far. It is a flagship development for new Labour, the council and the Housing Corporation. Ken Livingstone described it as

"a template of what I want to see across London."

The scheme is half private, half social and is heavily funded by the Housing Corporation, but unfortunately the economics of the scheme do not work for local people. The private housing is extremely expensive. I have some recent property supplements in which homes in Imperial Wharf are advertised at £1.75 million, £1.35 million and so on. Few people can afford that. The social housing was funded by the Housing Corporation under delegated powers that may or may not have been proper. Even local Labour councillors condemn the poor construction and small size of that housing.

The biggest criticism of all, which should be of great interest to the Housing Corporation, stems from the price of the 15 per cent. of the units that are shared ownership, pitched at key workers. Those cost between £320,000 and £410,000 and the scheme is reckoned to be Britain's most expensive so-called affordable housing scheme funded by the Housing Corporation. In rent and mortgage, a typical couple appear to be paying £1,005 a year to live there. In a six-storey block, perhaps—

Mr. Deputy Speaker: Order. The more I hear on this subject from the hon. Gentleman, the more I think it would be appropriate for an Adjournment debate, but certainly not for the debate on the Second Reading of the Bill. He is going far too wide in presenting his arguments.

Mr. Hands: Thank you for that guidance, Mr. Deputy Speaker. I was going to list the litany of complaints from Mallard house residents, many of whom are taking legal action.

Mr. Deputy Speaker: Order. The hon. Gentleman should not argue with the ruling from the Chair; he should accept the guidance.

Mr. Hands: The debate on this Bill is being watched closely in Hammersmith and Fulham. Notting Hill Housing Group is one of the biggest recipients of funds under delegated powers from the Housing Corporation. About two years ago, I issued an appeal in our local papers for tenants who had suffered under the group and was amazed by the response. I received e-mails from people complaining about how the group had treated them, and the examples included walls that had fallen down not being repaired and other failings.

The Bill allows powers to be delegated within the Housing Corporation, which could set an unwelcome precedent for some of the housing associations that are administered by and were regulated by the Housing Corporation. It will be difficult to tell housing associations that they cannot have those sweeping delegated powers if the Housing Corporation is allowed them. Residents of estates such as the Chambon, Solon Housing's estate on the river on Carnwath road and Orbit's development at Gwyn close would not like to see increased delegated powers.

Notting Hill Housing Group has a famous history and an exemplary mission, namely to provide low-cost housing in areas of west London with expensive property prices and high private sector rents. It provides more than 11,000 affordable homes, more than 4,000 of which are in Hammersmith and Fulham, and it is taking a keen interest in our debate today.

[Mr. Hands]

Nothing prepared me for the public response to the appeal that I put out a couple of years ago. I am currently dealing with a number of Notting Hill Housing Group tenants who are experiencing significant problems and who are watching this debate closely to see whether the delegated powers will have an impact on them. For example, Collette Murray must share her bedroom with her son aged nine, because they cannot use their sitting room owing to the antisocial behaviour of the tenant below. Mrs. Jacobs of Shepherd's Bush road had had her floorboards up for eight years, until I inspected her property.

Mr. Bone: I am not sure whether my hon. Friend thinks that the delegated power assumed by the Housing Corporation is responsible for the disasters that he has described.

Mr. Hands: My hon. Friend may be right. There are some precedents on retrospective legislation—for example, the War Crimes Act 1991 was essentially retrospective—but the Bill may open a can of worms. As I have said, legal action is being taken against housing associations, some of which relates to funding by the Housing Corporation.

Dr. Starkey: I am having some difficulty in following the hon. Gentleman's argument, because it is so wide ranging. Does he support his Front Benchers, who find the Bill not only acceptable, but necessary?

Mr. Hands: I support the Bill, but it could be more wide ranging. If it had been thought through properly, rather than being foisted on us suddenly, a lot more could have been included. I hope that it will be amended to include a lot of the matters that I have discussed in relation to the Housing Corporation.

Finally, I want to refer to a leaflet put out by the local Labour party four years ago called, "Tenants against Tory rent rises".

Mr. Deputy Speaker: Order. The hon. Gentleman will seriously test the patience of the House if he goes down that route.

Mr. Hands: You are right, Mr. Deputy Speaker. Nevertheless, the Labour council has delivered on all the things that it said that the Conservatives would introduce.

The Bill is to be welcomed. However, it is a great shame that it does not afford us the opportunity to make other, much needed changes in the housing association sector—namely, more and better priced shared ownership schemes, an extended right to buy for housing association tenants and, most of all, greater involvement by tenants in housing associations and greater responsiveness to tenants by their associations.

5.30 pm

Mr. Robert Syms (Poole) (Con): This short debate has been more interesting than some of us initially expected. It has given Members an opportunity to show their ingenuity in talking about many problems that are related to the Bill, if sometimes a little beyond its scope.

As my hon. Friend the Member for Surrey Heath (Michael Gove) said, we give the Bill our full support, because it is important to regularise the situation. The Housing Corporation has given a lot in terms of making grants and selling property. The most important reason for that, which my hon. Friend cited, was the £36 billion of debt.

The main problem as regards housing is historical, and dealing with it through this Bill is a sensible way forward. Generally speaking, post-war housing has been a great success for this country, given the challenges in the 1940s and '50s, starting with the slum clearances. We have now reached a situation whereby, on the whole, our population is well housed, although as Members of Parliament we sometimes see those who are less well provided for. As a whole, the statistics on central heating and so on show that people's housing is improving.

However, the fact that we are a nation of owner-occupiers and high and rising house prices creates a major barrier and a major divide. That is why the Housing Corporation is a very important part of the housing agenda in providing shared equity, key worker initiatives and housing associations that can provide for those who have no hope of purchasing or do not wish to do so. The Bill has our full support. It is important that it reaches the statute book as soon as possible. I do not suppose that its Committee stage or Report stage will take very long.

I do not intend to rehearse what was said by my hon. Friend the Member for Surrey Heath. I know that many Members want to get out and canvass, so this will be a short winding-up speech. I thank the Ministers from the Office of the Deputy Prime Minister, who have been open in discussing the problem with the Opposition. Any amusement that one has about a problem popping up always disappears when we find that it started under the last Conservative Government. The Minister for Housing and Planning clearly set out the importance of the Housing Corporation, the 100,000 housing associations and the important programmes, missions and initiatives that have taken place over the years. She has our full support.

My hon. Friend the Member for Surrey Heath explained comprehensively why we support the Bill. He used the term, "compassionate Conservatism." It is interesting that a debate on a Bill that deals with an important social area such as housing has been attended mainly by those on the right of the political spectrum, who made some interesting contributions.

We heard a commendably short speech by the hon. Member for Carshalton and Wallington (Tom Brake), who also mentioned the consensus on the Bill.

We also heard from my hon. Friend the Member for Banbury (Tony Baldry). I hope that when the Housing Corporation reads the *Hansard* record of the debate, it will take note of his genuine concerns about the fact, or the perception, that those in need of housing in areas such as north Oxfordshire are not getting sufficient support. I am sure that if it does not, he will be vociferous on behalf of those of his constituents who feel that they should have more grant and be better housed.

My hon. Friend the Member for Wellingborough (Mr. Bone) used his experience as a member of a housing association to express concern about the way in which

the Bill is drafted. When one has a lot of consensus, it is sometimes useful if hon. Members stand up and put a different point of view. My hon. Friend the Member for Welwyn Hatfield (Grant Shapps) started by saying that he had two points to make and, surprisingly for a Member of Parliament, he made only two points. The first was his concern about the Bill's powers and the second related to the general principle of acting retrospectively.

My hon. Friend the Member for St. Albans (Anne Main) showed her ingenuity as a Member of Parliament of some experience by now by mentioning many housing associations and former service personnel in her constituency. She also made some pertinent points about the Bill.

My hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) also showed ingenuity by underlining the important part that social housing plays in his constituency and the number of housing associations there. I am sure that those whom he represents and for whom he campaigns will be pleased that he has managed to get on record his anxieties about the operation of some of those housing associations.

It has been a good debate. The Bill is necessary—let us hope that it reaches the statute book speedily. As my hon. Friend the Member for Surrey Heath made clear at the outset, it has our full support.

5.35 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Jim Fitzpatrick): I thank hon. Members for their contributions to this valuable debate. Before I respond to specific points, perhaps it would be helpful if I spent a few moments underlining and reminding the House of what my hon. Friend the Minister for Housing and Planning said about the Bill and its function.

First and foremost, the Bill is being introduced as a consequence of the discovery that the Housing Corporation did not have the express power to delegate its decision making below board level. It therefore gives the corporation board that express power to delegate and deems the corporation always to have had such a power. It will not give the corporation additional powers. The measure merely grants it a power, which it was always assumed to hold, to delegate below board level, thus restoring what everyone perceived to be the status quo. It brings all parties back to the position in which they believed that they were before the problem was discovered.

The hon. Member for Surrey Heath (Michael Gove) and others asked about the housing and delivery review, part of which examines the roles and functions of English Partnerships and the Housing Corporation. I should make it clear that no decision has been taken at this stage to merge the two organisations. The review will consider several options, including closer working between the agencies, alignment of programmes and the creation of a new agency that draws together the skills, funding and objectives of a range of existing agencies and Departments. However, even if a decision to merge were the ultimate outcome of the review, it would not negate the need for the Bill, which deals with an immediate and pressing problem that must be resolved as soon as possible.

The hon. Member for Surrey Heath also mentioned reducing bureaucratic burdens on registered social landlords following any possible merger or the review. The Elton review of regulatory and compliance requirements makes more than 80 recommendations, which should lead to a reduction of at least 10 per cent. in the total administrative burden that the Housing Corporation places on RSLs. As I said, the Government have yet to respond to that review, but are committed to measuring and reducing the burden of regulation on RSLs and keeping it under continuous review, regardless of the institutional structure. However, I am glad that the hon. Gentleman concluded that he was reassured about the nature of the measure.

Mr. Bone: The Housing Corporation's total running costs for the current year will be £40.3 million. Did the Government consider removing the requirement for the Housing Corporation to rubber-stamp disposals? That would reduce regulation and costs.

Jim Fitzpatrick: I think that I shall disappoint the hon. Gentleman when I say no. I know that several of his colleagues asked why the Bill was not broader and why other items were not included. The measure deals with a specific problem, which was believed to be urgent and pressing, and it was therefore appropriate to tackle it as expeditiously as possible.

The hon. Member for Carshalton and Wallington (Tom Brake) asked on behalf of the Liberal Democrats whether other non-departmental public bodies were caught in the same dilemma as the Housing Corporation. We have studied the situation, and we are not aware of any other bodies for which such retrospective legislation is required. As my hon. Friend the Minister for Housing and Planning said earlier, other bodies of a similar nature to the Housing Corporation already have, or subsequently had, a power of delegation. We perceive the Housing Corporation's situation to be a specific anomaly.

The hon. Gentleman also asked about the impact of rejecting the Bill, which is a consideration that has tasked those who have had a chance to consider it in depth. To reject the Bill would be to cast doubt on the validity of several classes of statutory decision already taken by the Housing Corporation, most notably the consent to dispose of land under section 9 of the Housing Act 1996. Lenders have expressed considerable concern about the lack of certainty over such decisions, and they could decide to take remedial action if the situation persisted, including re-pricing loans, preventing the drawing down of existing funds, or not taking forward new business. Clearly, that would have serious consequences, such as damaging the financial viability of registered social landlords or preventing new developments from going ahead. The Bill is designed to ensure a continued flow of private finance to the RSL sector, and to ensure that RSLs are financially viable and that tenants are protected.

The hon. Member for Wellingborough (Mr. Bone) asked about general consents given under section 9 of the Housing Act 1996. Our view is that section 9 deals only with general consents for the disposal of land. There are also uncertainties about other matters, however, including the registration of RSLs and the consent to rule changes of RSLs. We need to resolve all

[Jim Fitzpatrick]

those issues, not just those relating to section 9, which is why we did not think that it was an appropriate vehicle for dealing with this matter. The hon. Member for Surrey Heath specifically mentioned that point.

The hon. Member for Wellingborough also asked about the original legislation, suggesting that the board make these decisions itself, as well as about the pay of the Housing Corporation's directors. The directors' pay is in line with that of other bodies of this nature, including English Partnerships. When the Housing Corporation was established, its role and functions were very different. Today, it makes such a large number of statutory decisions that it has become administratively inefficient, and it would be a bad use of the board's time for it to take every statutory decision required of it in modern times. When the Housing Corporation was set up, powers of delegation were more readily implied. There was no intention in the Housing Act 1964 that the board should spend all its time on what could be low-level—albeit statutory—decisions, and the Housing Corporation now makes thousands of decisions every year.

The hon. Gentleman also asked about ensuring that we had adequate time to debate this issue. We do have more time now, should he wish to catch the Speaker's eye, although I do not think that that is necessarily the case. We have clearly had adequate time to deal with this matter today, and I am confident that the usual channels will ensure, as they always do, that we have a decent number of sittings in which to scrutinise the Bill in Committee.

The hon. Member for Banbury (Tony Baldry) raised serious questions about his own patch. They related to transfers, of which there have been three from Cherwell district council since 1995. I have to say to him that there has been a 36 per cent. increase in regional housing funding between 2004 and the allocations up to 2008. He raised serious concerns about the success of the negotiations between the local authority and the developers, and about the lack of adequate provision in respect of new developments. If I may be so bold, I should like to suggest that, were the officers of his local authority to seek assistance from the officials at the Office of the Deputy Prime Minister, we would be very happy to have a dialogue with them to ensure that they are well prepared to get the best possible deal on future developments. If the hon. Gentleman wished to write to my hon. Friend the Minister for Housing and Planning about this, I am sure that she would be only too happy to deal with the points that he has raised in more depth, although they were perhaps slightly outside the scope of the Bill.

The hon. Member for Welwyn Hatfield (Grant Shapps) asked about delegation to members, sub-committees and employees, and whether that was too broad a power. We are advised that that is a typical power of delegation for a body of this nature, and for other organisations and public bodies such as the Commission for Social Care Inspection, the Commission for Healthcare Audit and Inspection and the Audit Commission itself. Such powers are necessary for the Housing Corporation to operate efficiently and effectively, and are similar to those for similar organisations.

Mr. Hands: But does the Minister accept that the scheme of delegation in the Bill is absolutely all-embracing compared with that for a local authority, which has a clearly defined scheme of delegation as to what may be delegated to officers from executive members and what may then be delegated to committees and so on, with clear financial thresholds? Surely such an all-embracing power of delegation cannot be right.

Jim Fitzpatrick: The hon. Gentleman makes a fair point that the powers are clear and extensive, but the local authorities with which he makes a comparison are a different case. We are talking about different powers and a different structure, and about that which is in place in similar bodies. We are therefore clear that the provisions are not only necessary but wholly appropriate.

The hon. Member for Welwyn Hatfield also asked whether the matter could be handled in any other way, without retrospective power. We have tried to demonstrate comprehensively that there is not another way. We have investigated alternative solutions, but the legal advice is that retrospective legislation is the only way to achieve absolute certainty. It is also the only way to give lenders to housing associations the security that they require to safeguard the housing association sector.

The hon. Member for Hammersmith and Fulham (Mr. Hands) raised many points, to some of which, obviously, I am not likely to respond. As part of his contribution, he asked about the accountability of registered social landlords in tenant participation. As he knows, RSLs are accountable to the Housing Corporation—he made that point—and must comply with the regulatory code setting out the range of expectations in relation to governance, management and financial viability, including expectations relating to tenant participation. The regulatory requirement is for all RSLs to have an appropriate tenant involvement policy. We agree that we need to make sure that we do enough, and more if necessary, to ensure that all tenants are able to participate in the affairs of their RSL. The Elton review makes several recommendations, which we will consider carefully in due course.

The hon. Member for Poole (Mr. Syms), like many of his colleagues, expressed support for social housing and for more of it. We would be interested in answers to the question of how the Opposition intend to fund that. In his usual gracious manner, however, he concluded that he accepted the need for and logic of the Bill, and recommended that his colleagues should support it.

We have spent some time—perhaps not as long as might have been anticipated—covering all the aspects of a very short Bill. We have also spent considerable time and effort over the past few months attempting to understand fully the concerns of all stakeholders, and to come up with an appropriate and effective solution. We have worked closely with not only the Housing Corporation but lender representatives, the Financial Services Authority and the trade bodies of RSLs in England, Scotland and Wales. Our officials have liaised closely with their counterparts in Wales and Scotland.

I am extremely grateful for the positive contribution that those representatives have made quickly to resolve the issue, which, although technical in nature, has far-reaching ramifications, as everyone has agreed. The end result of that close working and co-operation is the Bill in front of us.

To conclude, this Bill is the only practicable way to address the problem that we discovered at the end of last year and to restore what was, until then, perceived to be the status quo. I therefore wholeheartedly commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time.

HOUSING CORPORATION (DELEGATION) ETC. BILL (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(6) (Programme motions).

That the following provisions shall apply to the Housing Corporation (Delegation) etc. Bill:

Committal

(1) The Bill shall be committed to a Standing Committee.

Proceedings in Standing Committee

(2) Proceedings in the Standing Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 9th May 2006.

(3) The Standing Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

(4) Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

(5) Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

(6) Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

(7) Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further Messages from the Lords) may be programmed.—*[Mr. Heppell.]*

The House divided: Ayes 322, Noes 107.

Division No. 216] **[5.50 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Mr. Alan
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brake, Tom
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Browne, rh Mr. Des
Bruce, Malcolm
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Mr. Paul
Burt, Lorely
Byrne, Mr. Liam
Cairns, David
Campbell, rh Sir Menzies
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
Davey, Mr. Edward
Davidson, Mr. Ian
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Farrelly, Paul
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julie
Goodman, Helen
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Holmes, Paul
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Iranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Laws, Mr. David
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Lloyd, Tony
Lucas, Ian
MacDougall, Mr. John
Mactaggart, Fiona
Mann, John
Marris, Rob

Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morden, Jessica
Morley, Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Nayamith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Opik, Lembit
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Primarolo, rh Dawn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Mr. Dan
Rooney, Mr. Terry
Roy, Mr. Frank
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Teather, Sarah
Thurso, John
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Winnick, Mr. David
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Alan Campbell and Claire Ward

NOES

Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Baldry, Tony
Barker, Gregory
Bercow, John
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Crabb, Mr. Stephen
Davies, Philip
Davies, Mr. Quentin
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Fabricant, Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Goodwill, Mr. Robert
Gove, Michael
Green, Damian
Greenway, Mr. John
Hands, Mr. Greg
Hayes, Mr. John
Heathcoat-Amory, rh Mr. David
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Jack, rh Mr. Michael
Key, Robert
Lancaster, Mr. Mark
Leigh, Mr. Edward
Lewis, Dr. Julian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Maclean, rh David
Main, Anne
Maples, Mr. John
McIntosh, Miss Anne
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Newmark, Mr. Brooks
Ottaway, Richard
Paice, Mr. James
Paisley, rh Rev. Ian
Penrose, John
Price, Adam
Randall, Mr. John
Redwood, rh Mr. John
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Roesindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Shapps, Grant
Shepherd, Mr. Richard
Soames, Mr. Nicholas
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Syms, Mr. Robert
Tapsell, Sir Peter
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Whittingdale, Mr. John
Wiggin, Bill
Wilshire, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Tellers for the Noes:
Mr. David Evennett and Angela Watkinson

Question accordingly agreed to.

Nuffield Speech and Language Unit

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watts.]*

6.4 pm

John Bercow (Buckingham) (Con): I am proud to rise to champion the cause of the Nuffield speech and language unit, which is based in Ealing. It is a centre of excellence that now faces the threat of closure.

It is right that the House and those interested in the subject should understand the background. The Nuffield speech and language unit is a part of the Royal National Throat, Nose and Ear hospital, which in turn is part of the Royal Free Hampstead NHS Trust. Since 1971, the unit has provided specialist intensive therapy and teaching to children aged between four and seven with the most severe speech and language disorders. No provision of comparable quality for such children does or can exist in mainstream education.

It is important to understand that children typically attend the unit for an average of two years. The severity of their impairments means that they are not able to participate in, or be integrated into, mainstream education. Quite apart from its teaching and therapy work, the unit has established itself intellectually and professionally as the repository of excellence in research and good practice, and the Nuffield dyspraxia programme is used in countries all over the world.

The unit is small, catering for between 12 and 14 children. I have described the teaching and therapy that it provides, and the significance of its globally imitated dyspraxia programme. In addition, the unit is inextricably bound up with the Nuffield hearing and speech centre, which receives some 40 requests each week—from parents and professionals, by telephone, e-mail and post—seeking advice on speech therapy.

That is the background to the unit's significance. It is exemplary and deservedly celebrated, but is now facing the threat of closure. For the best part of five successive years, the unit has been either full or over-subscribed. As a result, it had become a net financial contributor to its parent trust. This year, however, it is suffering a lack of referrals for 2006–07 and so is falling into deficit for the first time.

Two factors explain the lack of referrals. First, the local education authority is resistant to the issuing of statements, and to agreeing to and providing finance for out-of-area placements. Secondly, there is a widespread and—dare I say it?—almost pervasive ignorance of the unit's existence. I attribute that ignorance to the fact that the Royal Free Hampstead trust has devoted a degree of energy to marketing the trust that is somewhere between minimal and nil.

I emphasise to the Minister that, on the strength of that one-year deficit, the Royal Free Hampstead NHS Trust is proposing to close this distinguished and celebrated unit.

Mr. Philip Hollobone (Kettering) (Con): I congratulate my hon. Friend on securing this debate. I received a telephone call today from a constituent, Dr. Deirdre Lucas, a distinguished audiology consultant who has nothing but praise for the unit's special and unique work. She expressed in the strongest terms her fear that that centre of excellence and expertise could be lost for ever. It is without equal and, if we are not careful, we are going to lose a very precious resource.

John Bercow: I am grateful to my hon. Friend, who makes his point eloquently and pithily. In preparing for the debate, I became aware of Dr. Deirdre Lucas, but it is a pretty safe bet that she will not be aware of me. I know of her authority and expertise in the field. She is one of a number of people who are determined to fight the good fight to preserve the unit because she has professional knowledge of its indispensability.

My hon. Friend wisely used the word "unique", which leads me to the arguments against closure of the unit. The facility is unique. That word may be hackneyed; it is overused and frequently used inappropriately but it could scarcely be more appositely deployed than in respect of the unit. There is no other facility of its kind either in London or anywhere else in the country, so it is unique and it is also irreplaceable. However, the Minister does not need to take that from me. He can take it from the Royal Free Hampstead NHS Trust's consultation document, which puts the point clearly, stating helpfully that

"there exists no local provision which can match the therapy delivered by the highly experienced staff at the Nuffield unit".

Significantly, it adds that if the unit ceases to exist, the future potential of the children whom it serves will be severely damaged. I could not put it more effectively than that.

We are describing a vital national resource, which on my reckoning at least 16 local education authorities have used over the years. We cannot afford lightly, if at all, to dispense with existing centres of excellence. We should be proud of them. We should be defending them and building on them, championing and supporting them, and if they are under threat it is the responsibility of all political parties, including pre-eminently the governing party, to get involved: to take a stance, to lend a hand and not to back off—a point to which I will, in due course, return.

Mr. Peter Bone (Wellingborough) (Con): I congratulate my hon. Friend on securing this important debate. Does he agree that one of the problems is that to a certain extent the unit is seen as a Cinderella part of the national health and the education services? I have personal experience of the problem. My five-year-old son had a minor speech problem that was difficult to have attended to in the state system, so to hear that a unit with such national excellence is to close is extremely worrying.

John Bercow: I entirely agree. My hon. Friend reinforces the argument and the impression, which I am glad to say is correct and growing, that there is strong support for the unit.

We are entitled to look at the long-term outcomes of the Nuffield unit's work—for example, over the period between 1998 and 2003. I re-emphasise that we are talking about help for severely disadvantaged children. After two years at the unit, 41 per cent. of children are able to go on to mainstream education; 7 per cent. go on to local language units attached to mainstream schools; 38 per cent. go to the Meath school, a specialist school

[John Bercow]

that caters specifically for children with severe speech and language disorders; and 13 per cent. go to other specialist schools.

Early intervention is of the essence. I underline that point. We have to ensure that children in special and intense need are assisted at an early stage. If we do that, help, treatment, therapy and teaching can be highly effective. What is more, that can result in cost savings in the medium to long term. On the other hand, if we intervene very late, there are grave risks, such as emotional and psychological damage, lower educational attainment, a persistent communication handicap and poorer employment prospects. For all those reasons, it is vital that children get a chance without the procrastination, delay and politicking that prevent them from getting the help that they need. We cannot simply intervene later and rescue the situation. Serious, grave and potentially irrevocable damage can be done to the opportunities and life chances of children who are so delayed or neglected.

I want to say something about the support that exists for the unit. My hon. Friends the Members for Kettering (Mr. Hollobone) and for Wellingborough (Mr. Bone) have already referred to that, but let it be underlined. A plethora of testimonials is now emerging in support of the unit. I call in aid first of all Pamela Williams, who is the chief speech therapist at the Nuffield speech and language unit and also chair of the Dyspraxia Foundation. Her words should carry weight and be listened to with respect by all hon. Members. She has said:

"In the event of closure, politicians should realise that no other facility will provide comparable treatment for this age group and these very vulnerable children will no longer receive the care they so desperately require."

Hers is not the only voice.

Let us listen to the verdict of the Royal College of Speech and Language Therapists, which has publicly stated and communicated to me its belief that the demise of the unit would cause an "erosion of expertise" and a "loss of capacity", with the result that patients would be left "unsupported". Let us hear, too, the verdict of Janet Farrugia, a distinguished speech and language therapist of 25 years' experience. She says:

"The Nuffield has always been viewed as the gold standard for children ... with oral and/or verbal dyspraxia."

Significantly and ominously, she goes on to add that children who go elsewhere for their treatment or education make "significantly slower" progress.

From the range of parents, I would like to cite in particular Dr. Tony Canas, who has founded the Friends of the Nuffield Speech and Language Unit. He is a truly remarkable man who is fighting as David against Goliath in the battle. He has set up a website and devoted an enormous amount of time and his considerable intellectual prowess to try to make arguments in support of the unit. He and his wife Angela have a son, Vincente, at the unit. They had to go through an enormous, debilitating, protracted, expensive and potentially soul-destroying battle to get their son into the unit, which they did, and he has now been there for the best part of an academic year. Tony Canas says:

"Vincente has made more progress in two terms at the Nuffield Unit than at any other time of his life."

That is the considered judgment of a range of people who know of the unit, who can see its benefit, who are alarmed at the threat to its existence and who are determined to protect it.

Dr. Julian Lewis (New Forest, East) (Con): My hon. Friend is making such an overwhelming case that I will ask him briefly to do something slightly unusual in a debate of this sort. Will he put himself in the shoes of the people who are trying to close the unit and say what possible basis they could adduce for its closure in the face of such an overwhelming endorsement of it? It is hard to envisage any such basis from the testimonials that he has eloquently read to the House.

John Bercow: I am very grateful to my hon. Friend, who will have been a friend of mine for 23 years this October. We have often said that we have only one brain and we have thought it prudent over the years, in the course of our political careers, to share it between us. We each have an uncanny tendency to anticipate the thoughts and prospective pronouncements of the other, but I have to say, in all candour, that if he thinks that I am able to penetrate the inner recesses of the sort of extraordinarily contorted minds that could seriously contemplate a decision of this kind, I am afraid that he is elevating me to a level of intellectual pedigree to which I cannot realistically hope ever to aspire. I can only hazard a guess. The answer is almost certainly money, money and money again. I will return to that point.

So far, I have raised one argument against the closure of the unit; it is a centre of excellence that we ought to foster and support. There are other reasons why it is wrong to propose its closure. It is wrong to do so when the shortage of referrals could prove to be only short term. Yes, there is a downturn, but, last year, someone had to be turned away because the unit was over-subscribed. The trust consultation document helpfully observes that the

"apparent downturn ... may be a statistical fluctuation".

Indeed it may. Is it not an extraordinary suggestion that one should close a unit with a proven track record and dramatic future potential simply on the basis of one year, which the trust calmly acknowledges in its document might be the result of statistical fluctuations? The misjudgment is truly breathtaking.

I said that the downturn might be temporary. I put it more strongly than that; it is wrong to close a unit when there is every prospect that there will be an increase in demand for its services in the future and an increase in the number of referrals. Why do I say that? I say it because there is no evidence whatever to suppose that, at any time soon, there will be a reduction in the number of children with severe speech and language disorders. Indeed, I suggest that the evidence probably points in the opposite direction. As a result of the increased survival rates of children who are born prematurely and who suffer significant complications as a result of that, there is every possibility that the number of children with such severe impairments will increase. There is therefore a very real chance of a greater demand for such services and for referrals to the unit in the future.

It is wrong to propose the closure of the unit when there has been virtually no marketing of it by its parent trust, which ought to have some responsibility for

proudly proclaiming the unit's record, disseminating the evidence and seeking subscription to it. It is wrong to propose the closure of the unit when there is currently a Select Committee inquiry into statementing and other relevant aspects of special educational needs policy that are directly linked to the current plight of the unit.

The hon. Member for Huddersfield (Mr. Sheerman) is the Chairman of the Education and Skills Committee. The Committee has taken evidence and will shortly publish its report. In accordance with the conventions of the House, with which the Minister will be familiar, the Government have a responsibility to issue a reply to the report within three months, and can be expected to do so. To propose the closure of the unit when the report has a direct link to the issues at that unit and before this House has had an opportunity to make a judgment seems to me to come fairly close to a contempt of Parliament.

It is wrong to propose the closure of the unit when either cross-subsidy from another part of the activities of the trust or relocation of the unit from Ealing to the central London premises of the Royal National Throat, Nose and Ear hospital would offer a lifeline to this valued facility. Neither of those options has been other than flimsily considered in the consultation document that the trust has issued.

It is wrong to propose the closure of the unit when, as in the words of one distinguished therapist, there is the likelihood of an irretrievable—I use her words advisedly—loss of knowledge, expertise and good practice, which it has taken many years to accumulate. Finally, it is wrong for the trust to propose the closure of a unit, the running cost of which amounts to 0.2 per cent. of the total turnover last year of the Royal Free Hampstead NHS trust.

The Minister, for whom I have the highest regard—I feel sure that he has a glittering ministerial career ahead of him—has been listening with his customary courtesy. It is possible that he is thinking to himself, "Well, there's a certain amount in all this, but why is it a matter for me?" I do not wish to be unkind, because I like the Minister, but his private secretary telephoned my office last Thursday to report—I happened not to be there, but she gave the information to my secretary—that the Minister thought that I ought to be aware that a public consultation process was taking place in respect of the Nuffield speech and language unit, so he did not feel that he could say much and therefore that there was not much point in me proceeding with the debate. My response, through my secretary, was to say, "Well, the Parliamentary Under-Secretary of State for Health—who is, of course, but a Minister—might not have anything to say, but I certainly do", as I hope that I have demonstrated so far this evening.

I want very simply to put two points to the Minister on why this is a proper matter for him. First, it is not local. If the Minister has in the scripted speech—very carefully prepared for him by others to whom I cannot refer in the Chamber—passages that suggest that the local configuration of services should be determined by local people on the strength of a local knowledge of local needs, he should delete those passages. If he is planning to say, "Well, it would be very presumptuous of me to say what should be decided by the trust", I urge him to abandon that argument.

The cap does not fit, and one of the reasons why there is such widespread, indeed almost pervasive, cynicism in the country about politics and politicians—we all have a duty to counter that cynicism—is that a lot of people think that, irrespective of party, we are all too ready to proclaim our successes, to boast and to invite praise, glory and congratulation, but when a problem arises, it is always someone else's fault; leave the responsibility to A. N. Other. That will not do.

This is not a local matter, local to the Royal Free Hampstead NHS trust or local to Ealing. I have already explained that the unit's services have been extensively used by a range of authorities, predominantly but not exclusively in London, and it is a unique national resource. So there is a relevance for the Government, and they should take a view.

Secondly, the form of the consultation has been profoundly objectionable, and it is a matter with which the Minister should concern himself. You will doubtless be aware, as the fount of all wisdom, Mr. Deputy Speaker, that under section 11 of the Health and Social Care Act 2001, there is a requirement in such circumstances for public consultation exercises to take place. There is an obligation for NHS bodies to ensure that either the recipients of services or their representatives are involved in and consulted on the planning and development of services. I think that it is section 11(2), but if I am mistaken, no doubt the Minister will advise me. Moreover, the provision goes on to explain that, where decisions to change those services are proposed or contemplated, there is a requirement to consult and involve those who will be affected. I am sorry to tell the Minister that, as far I am concerned, the Royal Free Hampstead NHS trust has chronically failed to adhere to the letter or spirit of its legal responsibility.

The trust's chief executive, Mr. Andrew Way, did not want a consultation process to take place, but he eventually agreed, under pressure, that it could. He then went to the Ealing scrutiny panel, for which legislative provision is also made, without telling the parents of children at the unit, to ask for permission to have a much shorter consultation than the 90 days that he would otherwise be obliged to accept. He was, I am pleased to say, turned down and a 90-day consultation, running to the end of June, is now in process. Mr. Way and his colleagues on the trust board have rejected the suggestions of consultees and other supporters of the unit and refuse to issue, even now, a list of the people whom they are consulting. They have decided to stage public consultation meetings on a week day between 3 and 5 o'clock in the afternoon and from 6 o'clock until 8 o'clock in the evening.

I suggest to the House, knowing that hon. Members are not ordinarily cynical, that those times are manifestly inconvenient to working parents and parents of young children. The thought arises in one's mind that Mr. Way and his colleagues might not be disappointed if attendance at those meetings turned out to be small. At the first meeting, the only parent who attended was Dr. Tony Canas who stood up passionately and rigorously for the cause of the unit. I believe that that is an absolute disgrace.

It is also a disgrace that the trust board has so far refused to consult the Royal College of Speech and Language Therapists; a body that one might presume

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had some responsibility for potential recipients of the services under discussion. The board has also failed and refused to consult both the Association of Speech and Language Therapists in Independent Practice and the Association for All Speech Impaired Children. So far, one could be forgiven for thinking that the consultation is a sham, a farce and a disgrace and that Mr. Andrew Way and his cohorts should be ashamed of the truly despicable way in which they have gone about the matter.

Dr. Lewis *rose—*

John Bercow: I realise that I am expressing myself in my characteristically modest and understated terms, for which I make no apology before giving way to my hon. Friend.

Dr. Lewis: I am sorry to intervene again on my hon. Friend, but there seems to be a parallel here with some of the sharp practices carried out in the New Forest and Romsey area in an attempt to close much-loved community hospitals. My hon. Friend might bear in mind the fact that when statutory consultations are abused in this way, the process of judicial review is always possible. If the person undertaking the review happens to be someone eligible for legal aid, the trust may find itself facing much larger and more irrecoverable legal bills than any possible short-term saving that resulted from the initial closure of a unit. I just mention that by the by.

John Bercow: I am extremely grateful to my hon. Friend for his advice, which might well come in handy in the weeks and months ahead. As far as I am concerned, this is but the start of the campaign to preserve this unit.

The Royal Free Hampstead NHS trust issued an annual report last year, which—sickeningly, from my point of view—carried on its front cover the slogan, "Specialising in Excellence". That should not be a slogan, a pious hope or a rhetorical statement of good intent for a honeyed future; it should, first and foremost, reflect the reality on the ground, current practice and existing achievement. In that context, it should reflect the medical and educational priorities of a proud parent trust. But it does not. On the strength of a one-year deficit, in the face of a continuing parliamentary inquiry into relevant matters, and with scarcely a finger lifted to promote the unit, Mr. Andrew Way and his trust board colleagues are seriously, in all conscience I am advised, proposing the closure of a unit which has done so much to help some of the most vulnerable and disadvantaged children in our society, and which could do so much more in the future.

If Mr. Way and his colleagues believe that the only way in which they can achieve overall financial balance—not within the unit but within the trust as a whole—is by picking on the most vulnerable children in the community, I honestly suggest that they should be told to clear their desks and pursue employment opportunities elsewhere. I appeal to the Minister, who I think is a compassionate, decent and humanitarian figure, to agree with me that there should at the least be a stay of execution in this case.

I ask the Minister from the bottom of my heart to instruct—yes, I use that word—the trust to do two things. First, it should write to all LEAs, to relevant GPs, to speech and language therapists, to educational psychologists, to paediatricians and possibly to others, on whom we can agree if he accepts the principle, to inform them of the services of the unit, its success rate and the advisability in many cases of a referral to it.

Secondly, I urge the Minister to instruct the trust board to look seriously, not with a pathetic, dismissive one-paragraph consideration, at the possibility of moving the unit from Ealing to central London in Gray's Inn road, thereby not only making internal cost savings through location within the hospital but opening up the potential of a much wider area from which applications and referrals can come, not least the eastern part of London. That is a sensible proposition and it ought, among others, to be examined.

The Minister will have noted that I have not launched some excoriating attack on the Government's inclusion policy. Inclusion can work for a significant, a large number of children. It is, with appropriate help and support, the right course. If I accept that, which seems to me simply to reflect the reality of the evidence, I hope that the Minister will acknowledge that, for a significant and vulnerable minority of children, inclusion does not and cannot work. Those children need additional help. There is nowhere that better provides it for children with severe speech and language impairments than the Nuffield speech and language unit. It must survive; I will fight to preserve it. I hope that I will be joined by the Minister and others.

6.38 pm

The Parliamentary Under-Secretary of State for Health (Mr. Liam Byrne): I start by sincerely congratulating the hon. Member for Buckingham (John Bercow) on securing the debate this evening. I have long been a student of his contributions to the House. In this debate, as in many others, the House owes him a debt of gratitude for the compassionate and intelligent way in which he has aired this issue. I ought also to congratulate him on his recent accolade of Opposition politician of the year. His contribution this evening has underlined exactly why that accolade was well deserved.

As I am sure the hon. Gentleman will appreciate, I have prepared remarks which I would like to rehearse in a moment or two. The hon. Gentleman has brought a lot of information to the House tonight which, if I may, I would like to reflect on. I will share with him the brief that I have this evening. There are a number of points on which I will need to make further inquiries in the light of what he has said this evening because it presents a different picture from the one that I have been given.

May I apologise for my private secretary's remarks last week? Of course, this is a proper matter for me to consider, and it is absolutely right that the hon. Gentleman should make a contribution this evening.

I put on record my congratulations and thanks to the NHS staff at the Nuffield speech and language and unit for the standard of service that they have provided, as the hon. Gentleman said, since 1971. The unit has indeed changed the lives of many people in and around London. I shall not detain the hon. Gentleman long, as I wish to consider what action to take after tonight's

debate. However, two points of context highlight the reason why he is right to bring this debate to the Floor of the House. First, we are in the middle of a process of transforming the NHS. Secondly, as part of that modernisation, we must continue to work to transform the life chances of all children. There is a substantial basis on which to build in Ealing and the parts of the capital served by the NHS trust, and much of that progress has been made possible by extra investment. I do not know how the hon. Gentleman voted on successive Finance Acts, as I did not obtain that information before I came to the Chamber, but he will welcome the fact that there are 590 extra consultants in the North Central London strategic health authority area; 2,200 extra nurses; 170 more health care assistants; and, pertinent to this debate, over 100 extra speech and language therapy staff. As a result, waiting lists have come down, which he will welcome. More than 4,000 people waited six months for hospital in-patient treatment in 1997, but that figure has fallen to zero as of February. Of course, that is not enough.

Mr. Bone: The Minister said that no one has waited more than six months for an NHS operation, but that is incorrect according to the Department of Health website, which says that 74 people are waiting for an operation.

Mr. Byrne: I would be delighted to check whether that is correct. My information applies to the position as of February, but I will check it against the information on the web, which applies to the position as of December.

Further investment needs to be made in the NHS, which is why spending will rise to £92 billion in the next year or two. That is important, as there is still a great deal to do to modernise health services, given our aspirations to transform children's life chances. About a year ago, we published the national service framework for children, young people and maternity services, which was celebrated around the world as a benchmark providing specifications on the services that children should receive. It is not something of which the Government alone should be proud—it is something of which many people up and down the country can be proud, because it benefited from a wide-ranging input from organisations that have done a great deal to change children's lives. In the next 10 years, our ambition is to ensure that children with special needs, young people and their families should experience services that are based on their assessed needs; promote social inclusion; and, wherever possible, enable them to live ordinary lives. That ambition is shared across the House, but we admit that we have not quite fulfilled it.

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): Does the Minister agree that primary care trusts were the main commissioners of services provided by Nuffield—a point that has been superbly illustrated this evening? Many PCTs are in debt and many of them, including my own PCT, are unable to purchase such services. Many local education authorities, PCTs and other bodies believe that they are carrying out the Government's wishes and their agenda of inclusion, even though that has not been voiced by the Government, by not purchasing services from specialised units.

John Bercow *rose—*

Mr. Byrne: While I reflect on what the hon. Lady said, I shall give way to the hon. Member for Buckingham.

John Bercow: I accept that the hon. Gentleman will wish to hold discussions on the issue and check my account against other accounts. However, I wish to put a point of principle to him. If I am right and the specialists are correct that the children benefiting from the unit cannot receive treatment of comparable quality elsewhere, does the hon. Gentleman agree that it is wrong for the trust to target the unit for closure for the saving of a relatively paltry sum, which accounts for 0.2 per cent. of the turnover of the trust?

Mr. Byrne: I shall make some remarks on the consultation process, many of which were prophetically forecast by the hon. Gentleman, and I shall allude to specialist commissioning.

In reply to the hon. Lady, may I say that local education authorities are democratically accountable. I know that the debate about inclusion has been widespread in many communities, including my own, Hodge Hill, where we are about to enjoy a new and integrated school. These are decisions that are ultimately for politicians to account for locally.

On the Nuffield speech and language unit, I appreciate why both professionals and parents are concerned about the future of the unit. I understand that there are currently 10 children at the unit, eight of whom are to leave in July 2006. The hon. Member for Buckingham made a number of important points about the way in which the service has been marketed. He knows rather a lot about the business of marketing, having served at board level in organisations that are world leaders in that activity. I want to explore the matter further, but the information that I have been given suggests that the pattern of demand for the trust is changing. LEAs referred 14 children in the academic year commencing in 2004.

It has been suggested to me that the trust is a health care organisation that is performing an educational role. In the context of the hon. Gentleman's remarks, I understand that there is a nuance or two to add to that argument. Across many London boroughs, education policy is changing so that education provision such as the unit's services are provided more and more locally. Hillingdon LEA, for example, which referred many of the children to the unit, has created two new speech and language units, resulting in a downturn in the referrals that it has made to the trust. I understand that many LEAs are trying to place children with special needs in mainstream schools. I take the hon. Lady's point, which was echoed by the hon. Gentleman, that for some children that may not be the appropriate solution.

John Bercow: The Minister is being very courteous and generous in giving way. Does he accept that so far, the early evidence appears to be that the Hillingdon services are not on a par in terms of quality with those provided at the Nuffield? Does he acknowledge what is an observable fact, and a harrowing one—that parents who want to get their child referred to the Nuffield have to fight the most heroic fight, which is extremely time-

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consuming, protracted and expensive? Even if they win, they do not get their costs. The LEA uses in-house lawyers, in-house specialists and in-house advisers and gets off virtually scot-free. It is a national scandal that parents can get through the process only if they have dosh or are prepared to impoverish themselves.

Mr. Byrne: I am grateful to the hon. Gentleman for those remarks.

I turn to the process of consultation, which the hon. Gentleman rightly forecast. As a keen student of the Conservative manifesto, I think there has been agreement in all parts of the House that local health professionals are often in a stronger position to lead on consultations about the design of local health services. I differ slightly from him, as I think that PCTs and strategic health authorities, together with local authorities and other local organisations, are often in a much stronger position than I am, for example, to draw up the blueprint for the local delivery of services.

That is why it is right that the trust leads on the consultation? I will explore the arrangements that it has made to publicise the consultation, because it seems from what the hon. Gentleman said that some important questions need to be answered about the way that consultation has been conducted. It is not appropriate to hold all public consultation meetings on a working day when parents cannot attend, because consultation must be wider than that.

I will explore with the strategic health authority whether such services should be commissioned through specialist arrangements. My noble Friend Lord Warner is currently overseeing a review of specialised commissioning, and, from what the hon. Gentleman has said about the services currently offered at the Nuffield unit, I need to achieve a better understanding of the correct commissioning arrangements for such services.

Dr. Julian Lewis: I have attended many Adjournment debates in my time in this House, but this is the first time that I have seen a Minister who is open-minded and willing to listen to the arguments and refer back to the people who have advised him—I congratulate the Minister on his approach. However, he has said that the local PCT is best placed to address such matters, but I remind him that we have been here before on an almost cyclical basis. My mind goes back to the controversies about the closure of mental health institutions. Today, nobody denies that it was right to include many more people in society than used to be included before the reform of mental health institutions, but most people also accept that the pendulum swung too far and that the minority of people for whom it was not right to be included more generally in society for their treatment and therapy suffered as a result. Does the Minister not see the doctrinal parallel, where a new idea, philosophy or doctrine gets a grip in the minds of some health professionals, so that they over-compensate for a trend which is praiseworthy in itself?

Mr. Byrne: The hon. Gentleman has far more experience than me, and he has highlighted the importance of robust consultation procedures, which the Secretary of State has done a great deal to enshrine. Her leadership ensured that the recent social care and health White Paper was written as part of a unique public consultation event. I have replicated that consultation method in schools with young people. One is always struck by the intelligence, passion and analysis that so many people can bring to those debates, which is why this evening's debate is so important. There is a public consultation process, and it is important that not only health professionals, but hon. Members, members of the public, service users and local authorities have the opportunity to contribute to it.

John Bercow: A moment ago, the Minister conceded—I welcome this concession—that it was not right for public consultation meetings simply to take place during the day at times that were obviously inconvenient for working parents. Will he accept that there is something rotten in the state of Denmark when, for example, the Royal College of Speech and Language Therapists, the Association of Speech and Language Therapists in Independent Practice and the association that looks at the interests of all children with speech and language impairments are not included in a consultation relating to this issue? Does he agree that that is simply wrong and that the situation must be corrected? If it is not corrected, the process will be legally flawed—Mr. Way ought to be worried, ought he not?

Mr. Byrne: I suspect that following this debate we may hear quite a lot from those organisations as part of the consultation process. I certainly hope so.

I have said what I came to the House to say. I cannot stress strongly enough that the closure proposal is one of several options along with several others that are being put forward. There are two points for me to take away. First, I want better to understand whether a service of this degree of expertise and specialism could be rethought in the context of specialised commissioning arrangements in London; and secondly, I want to double-check the nature of the consultation arrangements that the trust put in place.

John Bercow *rose—*

Mr. Byrne: I give way to the hon. Gentleman.

John Bercow: I thank the Minister. I intended no discourtesy; I am merely conscious that he might sit down at any moment and I would miss my opportunity.

In the light of the arguments that I have presented and the widespread anxiety that exists on this subject, will the Minister agree to meet me and a delegation of speech and language therapists and parents to discuss it?

Mr. Byrne: I hope that the hon. Gentleman will permit me first to check whether the consultation process as it is set out in the Cabinet Office guidance will allow that to happen on this side of the consultation. In principle, I would very much welcome it, but I will observe Cabinet Office niceties if I may.

This has been a valuable debate for which the House owes the hon. Gentleman a debt of gratitude.

Question put and agreed to.

Adjourned accordingly at four minutes to Seven o'clock.

House of Commons

Wednesday 26 April 2006

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Renewable Energy

1. **Jeff Ennis** (Barnsley, East and Mexborough) (Lab): What steps he is taking to enable the use of waste to provide energy in Northern Ireland. [64523]

The Parliamentary Under-Secretary of State for Northern Ireland (Angela E. Smith): In February, my right hon. Friend the Secretary of State launched the £59 million environment and renewable energy fund, which includes an allocation of £18 million for the development of energy from waste.

Jeff Ennis: I thank my hon. Friend for that positive reply. Can she give the House an assurance that renewables will be at the heart of future electricity generation in Northern Ireland?

Angela E. Smith: I am happy to give my hon. Friend that reassurance. The key objectives of the energy market is that the energy supply is competitive, sustainable and reliable. The reliability of supply is fundamental. In addition to the £59 million from the renewable energy fund launched by my right hon. Friend the Secretary of State, £150 million from a new private sector fund for renewable energy has also been announced. That gives an indication of how crucial renewables are to energy generation and how important we think it is to focus on them.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): As well as needing to diversify our energy generation, there is also a need to address the issue of waste management in Northern Ireland. The Minister will be aware of a recent report by the Belfast Hills Partnership, which raised serious concerns about the proliferation of landfill sites in the Belfast hills, and the potential long-term damage that that will do to the environment. Will she take that into account in pushing forward an agenda for renewable energy, including the use of waste in energy generation?

Angela E. Smith: I thank the hon. Gentleman for that comment. As he knows, I met residents of the area some time ago to discuss their concerns. It is important that we look at energy regeneration to see how we can address the waste problem. It is not sustainable for us to keep digging holes in the ground and piling waste into them. If we can find alternative ways to use that waste which lead to a cut in the cost of electricity as well, that would be an important contribution to the environmental debate.

Dr. Alasdair McDonnell (Belfast, South) (SDLP): Is the Minister aware that the biggest problem with waste management in Northern Ireland is the total failure of Government Departments, specifically the Department of the Environment, to offer the option of purchase or re-use of construction waste? That has been a failure for some time. Can the Minister give us some assurance that that issue will be tackled?

Angela E. Smith: The Minister with responsibility for the environment, my noble Friend Lord Rooker, is keen to ensure that we tackle all waste streams. I will draw the hon. Gentleman's comments to his attention.

Lady Hermon (North Down) (UUP): Since North Down borough council is planning to have a new state of the art waste treatment centre up and running next year, would the Minister kindly agree to meet representatives of the council to discuss the much needed funding of the solar panels needed for that project?

Angela E. Smith: At this stage in the process, no projects have been agreed, but I would be happy to meet representatives from the council, particularly as they seem to be so forward-looking at how we can produce energy from environmental sources.

Mr. Laurence Robertson (Tewkesbury) (Con): The hon. Member for Barnsley, East and Mexborough (Jeff Ennis) is correct to stress the importance of renewable energy. In Great Britain, we produce only slightly more than 3 per cent. of our electricity from renewable sources, in spite of an existing renewables obligation. What can the Government do to ensure that the performance in Northern Ireland will be better than it is in Great Britain? In Northern Ireland only 3 per cent. of electricity is produced from renewable sources. We need to increase that figure. What can the Government do to ensure that that percentage share increases quicker in Northern Ireland than it has done in Great Britain?

Angela E. Smith: Perhaps the hon. Gentleman did not hear the first answer that I gave. The announcement by my right hon. Friend the Secretary of State of the new £59 million fund has already levered in £150 million. That shows the determination of Government to put our money where our commitment is. We have made that money available and made a financial commitment to renewables projects, and the hon. Gentleman will see the impact of that. I hope he will not vote against the increase in the budget for renewables.

Decommissioning

2. **Mr. Mark Lancaster** (North-East Milton Keynes) (Con): What estimate he has made of the quantities of arms and explosives put beyond use by the Provisional

IRA in each of the acts of decommissioning that took place between October 2001 and September 2005. [64524]

6. **Mr. Philip Dunne** (Ludlow) (Con): What estimate he has made of the quantities of arms and explosives put beyond use by the Provisional IRA in each of the acts of decommissioning that took place between October 2001 and September 2005. [64528]

The Secretary of State for Northern Ireland (Mr. Peter Hain): In September last year, the Independent International Commission on Decommissioning witnessed a momentous act of decommissioning, and declared in January that "all the arms under the IRA's control were decommissioned in September", under its supervision. The 10th report of the Independent Monitoring Commission published earlier today states that any weapons reported as having been retained

"would have been withheld under local control despite the instructions of the leadership".

It goes on to say that

"the amount of un-surrendered material was not significant in comparison to what was decommissioned."

Mr. Lancaster: Given that the Secretary of State has just acknowledged that some weapons may have been retained by IRA cells, does he still consider those IRA cells to be a terrorist threat, and if not, why not?

Mr. Hain: The IMC is the definitive body on that matter, so the hon. Gentleman does not have to take my word for it, and it has expressly said that the IRA poses no terrorist threat at all. Para 2.15 of the report states:

"We are not aware of current terrorist, paramilitary or violent activity sanctioned by the leadership. We have had no indications in the last three months of training, engineering activity, recent recruitment or targeting for the purposes of attack. There has now been a substantial erosion in PIRA's capacity to return to a military campaign without a significant period of build-up, which in any event we do not believe they have any intentions of doing."

That is a definitive statement, and I could quote many others. The IMC says that the IRA poses no terrorist, violent or paramilitary threat, and I endorse the IMC report.

Mr. Dunne: What reassurances can the Secretary of State give that renegade paramilitary groups will also get involved in decommissioning? And what guidance can he give to this House that those who are complying will provide information to the police on those renegade groups?

Mr. Hain: I assume that the hon. Gentleman is not talking about the Continuity IRA or the Real IRA. Those dissident groups are still a problem, as we saw when CIRA members planted a bomb in Lurgan only the other week. I assume that he is talking about IRA members who may not be in full compliance with the leadership's line. I invite him to read the IMC report, which states that

"the leadership is engaged in a challenging task in ensuring full compliance with this strategy",

which is the strategy of democratic politics and a peaceful objective.

We must look at the IMC report in the context of what has been a positive and historic change. We should welcome the finding by the IMC, which is a respected independent body, that the IRA has abandoned its previous activities of violence, paramilitary action and terrorism.

Rev. Ian Paisley (North Antrim) (DUP): The Secretary of State will be aware that the policy of the united voice of the Unionist people insisting that criminality must cease is taking effect, and we welcome the effect that it is taking. Does he feel that the Government should make a full statement listing the number of arms that have been surrendered by the IRA and change the policy that gives the general the right not to mention the number of weapons that have been decommissioned?

Mr. Hain: I agree with the right hon. Gentleman's point that the united pressure from the Unionist community and, for that matter, all parties in this House to end the violence and criminality is having an effect, which the IMC has reported. On the number of arms that have been decommissioned, the Independent International Commission on Decommissioning has made it clear that when all paramilitary groups, including loyalist groups, have decommissioned, it will publish a full inventory, but we need to wait for that to happen.

Sir Patrick Cormack (South Staffordshire) (Con): Is it not abundantly clear that criminality has not ceased? Does the Secretary of State agree that it is inconceivable that those involved in criminality should be involved in the government of any part of the United Kingdom?

Mr. Hain: The IMC report is interesting and welcome, and it reflects the pressure exerted by the right hon. Member for North Antrim (Rev. Ian Paisley) and by the hon. Gentleman in his capacity as Chairman of the Northern Ireland Affairs Committee. The association between criminality, paramilitary groups and politics must disappear from Northern Ireland. Paragraph 2.16 of the IMC report states:

"We have found signs that PIRA continues to seek to stop criminal activity by its members and to prevent them from engaging in it. We believe that some senior PIRA members may be playing a key role in this . . . That said, there are indications that some members, including some senior ones (as distinct from the organisation itself) are still involved in crime, including offences such as fuel laundering, money laundering, extortion, tax evasion and smuggling. Some of these activities are deeply embedded in the culture of a number of communities, not least in the border areas, and increasing proportions of the proceeds may now be going to individuals rather than to the organisation."

In other words, as regards the hon. Gentleman's point that there should be no criminality associated with the IRA, which has been repeatedly demanded by Members of this House, that appears now to be the case according to the IMC, although some local members may still be defying the leadership's line and engaging in it, in which case we will bear down on them as we have done in recent months.

Mr. David Anderson (Blaydon) (Lab): Does my right hon. Friend agree that the IMC report on criminality is a step in the right direction? When he comes to the

Northern Ireland Affairs Committee, will he discuss with us information that we have received about some worrying concerns that have been expressed by senior members of the security forces?

Mr. Hain: Of course. I take heart not only from the direction that the IMC reports today about an end to criminality by members of the Provisional IRA, but from a very significant statement issued by the IRA over Easter, in which it says:

"The IRA has no responsibility for the tiny number of former republicans who have embraced criminal activity. They do so for self-gain. We repudiate this activity and denounce those involved."

That is an important statement and we will make sure that everybody is held to it.

Mr. David Lidington (Aylesbury) (Con): Like the Secretary of State, I welcome the good news in today's IMC report. However, paragraph 2.17 of the report makes it clear that the weapons that were not decommissioned are not under the control of the Provisional IRA's leadership. That being the case, is the Secretary of State confident that the people who hold on to those weapons do not themselves pose a terrorist threat? What other reason could they have for failing to decommission them?

Mr. Hain: The hon. Gentleman makes a perfectly fair point. I know that he is just as concerned about this matter as I am and that he has raised it repeatedly on the Floor of the House, as he is fully entitled to and is proper. All that I can go by is the IMC report. It is the definitive body in this respect. It has said that the IRA poses no terrorist threat, and it has taken into account the full totality of the picture, including the points that the hon. Gentleman made.

Mr. Lidington: I thank the Secretary of State for that reply. I, too, welcomed the statement by the leader of Sinn Fein and by the IRA leadership over Easter. Does he agree, however, that it should be the duty of any politician who is committed to exclusively democratic and peaceful means of pursuing their objectives to ensure that any act of criminality or withholding of illegal arms should be reported to the police so that proper criminal proceedings can then take place?

Mr. Hain: Everybody, especially elected politicians—that is a point that the hon. Gentleman has consistently made, and I agree with him—or those seeking ministerial office should indeed comply fully with the police. If they know of criminality, they ought to report it—absolutely. I take heart from the statements made not only by the IRA leadership, but by the president of Sinn Fein, in repeatedly condemning criminality and saying that it has no part in a future for republicans.

Gonadotropin Products

3. **Mrs. Iris Robinson** (Strangford) (DUP): What gonadotropin products are used by the regional fertility clinic in Belfast. [64525]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Shaun Woodward): The regional fertility centre in Belfast advises me that it currently uses four gonadotropin products: Puregon, Gonal F, Menogon and Menopur. Puregon is currently prescribed as the product of choice.

Mrs. Robinson: I thank the Minister for that response. As he will know, National Institute for Health and Clinical Excellence guidelines on fertility treatment advise that consideration should be given to minimising costs when prescribing drugs. Certain products have been used at the regional fertility centre despite other less expensive alternatives being made available, and the total amount spent is almost half a million pounds per year. Will the Minister look into the process whereby specific products were selected, and provide advice for future practice in Northern Ireland if necessary, to ensure that costs are appropriately considered in future years?

Mr. Woodward: The hon. Lady makes a significant point about an important part of the Department's work for any couple who wants to have children and cannot. She rightly mentions spending £500,000 on the work. Given that couples are waiting to start the treatment, I suspect that there is genuine pressure to spend more, not less money.

One of the reasons for the use of Puregon is that it is a synthetic product. The alternative products are urinary based and some people do not want to use them for health concerns and so on. However, the current tender is coming to an end and that process will be completed by 2007. In the next 12 months, I shall conduct a review with the health boards of the tendering process for such products. I want to reassure the hon. Lady that my concern in Northern Ireland is, first and foremost, to do as much as we can to help couples who cannot have children through the health service to be given access to that important treatment.

Mark Durkan (Foyle) (SDLP): The Under-Secretary is aware from written answers that he has provided that there are geographical disparities in accessing regional fertility services. Will he tackle those when he introduces his proposals by providing a more balanced network of services? Will the proposals also address counselling and revising the criteria for qualifying for IVF?

Mr. Woodward: The hon. Gentleman has raised important points not only about counselling but regional disparity in Northern Ireland. We are currently conducting a review. The devolved Assembly and the Assembly Minister responsible for the matter put the interim arrangements in place. There are good reasons for re-examining access to fertility services and I promise the hon. Gentleman that I shall also consider access to counselling services as part of that. I believe that he will see improvements in overall access and in tackling regional disparity.

Waiting Lists

4. **Gordon Banks** (Ochil and South Perthshire) (Lab): What assessment he has made of progress in reducing waiting lists for health treatment in Northern Ireland. [64526]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Shaun Woodward): This time last year, we had people waiting up to six years for in-patient treatment. As a result of policies that we announced last summer, every in-patient in Northern Ireland is now treated in less than 12 months. For hip and knee replacements, everyone is treated in less than nine months, and, for cardiac or cataract treatment, every patient waits not six years but less than six months.

Gordon Banks: What benefits will the changes and improvements—and future improvements—bring to the efficiency of the Northern Ireland economy?

Mr. Woodward: Those changes will make a huge difference to efficiencies in the Northern Ireland economy. When out-patients and in-patients have to wait six years, there are huge costs to the welfare service. However, the Secretary of State and I were convinced a year ago that a programme of investment and reform in the health service in Northern Ireland must radically change the position on waiting lists. In two years from now, no out-patient will wait six years—the maximum will be 13 weeks—and, a year from now, every in-patient will be treated in six months.

Mr. Gregory Campbell (East Londonderry) (DUP): The Under-Secretary appeared to imply that, previously, people were waiting a totally unacceptable length of time for operations and that they are now waiting a simply unacceptable length of time. In his discussions with the trusts, will he ensure that, in cases where people wait a long time for needy operations, additional resources can be deployed to clear up outstanding waiting lists?

Mr. Woodward: The hon. Gentleman makes a good point and of course those discussions should take place. However, any British Minister making such decisions is second best and soon the hon. Gentleman and his colleagues will have the chance, if they want it, of getting control of the health service, running it, making the decisions and making waiting times even less.

Devolved Assembly

5. **Mary Creagh** (Wakefield) (Lab): What recent assessment he has made of the prospects for the restoration of the devolved Assembly. [64527]

The Secretary of State for Northern Ireland (Mr. Peter Hain): The Bill to facilitate that has its Second Reading later today. It is now up to the parties themselves to decide whether they want devolved Government restored or locally unaccountable direct rule to continue.

Mary Creagh: I thank the Secretary of State for that reply. Does he agree that the Independent Monitoring Commission report published today shows an historic change in the position of the IRA, and that, although a lack of trust remains in Northern Ireland, the best way to build that trust is for politicians to sit down together and discuss the way forward?

Mr. Hain: I do indeed agree with my hon. Friend. The IMC report published today is extremely important. It is of an historic nature, not just because it reports an end to IRA paramilitary activity, violence and—interestingly—intelligence gathering for those purposes, but because it says that the IRA is committed to cracking down on and eliminating criminality. That creates circumstances in which there is no reason for any party not to go into the Assembly to work with the other parties to get the Executive fully restored and the institutions up and running—*[Interruption.]*

Mr. Speaker: Order. There is far too much noise in the Chamber.

Mr. Nigel Dodds (Belfast, North) (DUP): Does the Secretary of State agree that, in the light of the IMC report, it would be completely unacceptable to have in government in any part of the United Kingdom those who are still linked to an organisation that is engaged in criminality, and who refuse to give their support to the police or who tell their supporters not to give information to the police? Is not that support an absolute prerequisite for people being in government in any part of the United Kingdom?

Mr. Hain: On the hon. Gentleman's point about criminality, it is now clear that the Provisional IRA—and, therefore, its political link, Sinn Fein—is now committed to stamping out criminality and paramilitary activity. The only logical, sustainable long-term position for anyone seeking to perform parliamentary legislative duties or exercise ministerial office is to support the police. We will be working on that and encouraging Sinn Fein to do that.

Lembit Öpik (Montgomeryshire) (LD): In the long march towards a functioning Assembly, we have seen deadlines come and go. The Government's abandonment of those deadlines as they drew closer has typified the process. Will the Secretary of State accept that this has seriously compromised the credibility of the Government's deadlines? Why should we believe that his deadlines are any more robust or serious than the ones that the Government evidently did not take seriously before?

Mr. Hain: The hon. Gentleman makes a fair point. I want to assure him, and to inform the House explicitly, that if anyone thinks that the Government are going to blink, come midnight on 24 November, they could not be more wrong. This deadline will be set in statute in the Bill that we shall debate this afternoon. All the parties need to understand that, if midnight on 24 November comes and goes and there is no restoration of the Assembly, the salaries and allowances will stop and the curtain will come down. It would be the parties themselves that had brought the curtain down, not the Government.

Rural Businesses

7. **Mr. Eddie McGrady** (South Down) (SDLP): If he will make a statement on the future strategy for rural business development in Northern Ireland. [64529]

The Minister of State, Northern Ireland Office (Mr. David Hanson) *rose—[Interruption.]*

Mr. Speaker: Order. The Chamber is far too noisy. That is unfair to those who are interested in Northern Ireland business.

Mr. Hanson: The Government are committed to working across Departments. The Department of Agriculture and Rural Development is finalising a rural strategy for diversifying the rural economy communities, and there is ongoing co-operation with Invest Northern Ireland in supporting small businesses.

Mr. McGrady: I thank the Minister for his reply. In the context of diversification sustaining rural industry, will he explain why his noble colleague Lord Rooker, the Minister with responsibility for the environment, has turned down three modest business expansion proposals in the environs of Kilkeel town in my constituency? Those expansions would create about 40 jobs, and the environmental requirements already exist. The businesses involve precision engineering, equestrian development and turbot farming. What could be more appropriate than developing those existing businesses? Will the Minister of State ask his noble colleague to reconsider his position in view of the statement that he has just made?

Mr. Hanson: I am grateful to my hon. Friend for raising that issue. He will understand that my noble Friend Lord Rooker is responsible for these matters, and I understand that he has written to my hon. Friend about them. I am afraid that the position has not changed in regard to that issue, but I will certainly refer my hon. Friend's comments to my noble Friend, and I hope that he will get back to him in due course.

Serious Organised Crime

8. **Michael Fabricant** (Lichfield) (Con): What recent assessment he has made of the involvement of paramilitary groups in serious organised crime; and if he will make a statement. [64530]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Shaun Woodward): The 10th report of the Independent Monitoring Commission, published earlier today, said that there are signs

"that PIRA continues to seek to stop criminal activity by its members and to prevent them from engaging in it."

The report also indicates

"continuing efforts to reduce criminality"

by leading elements of the Ulster Defence Association.

Michael Fabricant: But that 10th report also makes seven positive suggestions as to the sorts of actions that the Government should take to stop criminality. Will the Minister now confirm that all seven points will be taken up by his Department?

Mr. Woodward: The hon. Gentleman rightly draws attention to the need to address that issue. I assure the House, as security Minister, that it is the first and foremost priority of my Department in Northern Ireland. A number of elements are combating organised and paramilitary crime in Northern Ireland, including the Assets Recovery Agency, and we work in co-operation on that with the Police Service of Northern Ireland and the Criminal Assets Bureau in the Republic. It is essential that we crack down on serious organised crime, and if he reads the eighth, ninth and the current 10th IMC report, he will recognise that huge progress is being made. There is more to make, but we are committed to making it.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [65628] **Mr. Bernard Jenkin** (North Essex) (Con): If he will list his official engagements for Wednesday 26 April.

The Prime Minister (Mr. Tony Blair): Before listing my engagements, I want to express on behalf of Members on both sides of the House our sadness at the death of Peter Law. He was a conscientious Member of Parliament, he won the respect of all who knew him for the courageous way in which he fought his illness, and our thoughts are with his family at this time.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Mr. Jenkin: According to the World Bank, the present round of world trade talks would lift tens of millions of people out of abject and grinding poverty, yet the deadline for the conclusion of the talks this weekend will be missed. Does the Prime Minister accept that the main obstacle to a successful trade round is the punitive agricultural trade protection regime of the EU, and that Peter Mandelson's spokesman has made it clear that he will not agree to any deal that would cut agricultural subsidies in the EU by "one cent"? How does the Prime Minister square that with his obvious and sincere commitment to Africa and to tackling poverty?

The Prime Minister: I accept entirely that the EU policy on agriculture is one major obstacle to the world trade talks succeeding. I would disagree, however, that it is the only one. Other obstacles must also be dealt with—American policy in relation to this matter, Japanese policy in relation to it and non-agricultural market access on behalf of the G20 countries. My view is that if those others are willing to put a bolder offer on the table, we in Europe should be prepared to revisit our policy in relation to that. We are trying to organise that at present. An important meeting is coming up shortly between the European Union and Latin American countries, and I know that President Lula of Brazil is absolutely committed to making this world trade round succeed. It is vital that it succeeds, not just for the poorest countries—although it is especially vital for them—but for the whole world. I will do everything that I can to make sure that Europe, America, Japan and the G20 countries all put more ambitious offers on the table.

Stephen Pound (Ealing, North) (Lab): For 16 years, I sat on Ealing council while our neighbourhoods went to hell in a handcart, and the response of the Conservative party was to introduce the Sheehy report, which was the biggest body blow to police morale in history. Will the Prime Minister acknowledge publicly the vital role of police and community support officers in finally making our neighbourhoods safer?

The Prime Minister: Yes, I will—I can say that confidently. The record numbers of police, the community support officers and the new powers, where they are used by local authorities, make a real difference to community safety. What my hon. Friend says is absolutely right.

Mr. David Cameron (Witney) (Con): I join the Prime Minister in his comments about Peter Law. On behalf of the official Opposition, let me say that our thoughts and prayers are with his family.

The Government were told in July last year that there was a massive problem with foreign prisoners being released and not considered for deportation. The prisoners released on to Britain's streets included murderers, rapists and paedophiles. Does the Prime Minister accept that the measures taken after the Government were told about the problem were completely insufficient?

The Prime Minister: First, let me say that I fully accept and regret that until recently the system for identifying and, where possible, deporting foreign nationals who have served sentences in United Kingdom jails has been seriously and fundamentally at fault.

Let me answer the direct question that the right hon. Gentleman asked. Last July, it was proposed that there should be a substantial expansion of both the funding and the staff to look after this particular aspect of the work of the immigration and nationality directorate. That actually happened: almost £3 million extra was put into financing the system adequately, and the number of staff has been built up. As a result, although it has taken time to put the proper system in place, since 1 April all cases are now considered pre-release.

There is another piece of information that I should give the House. It is, of course, a matter of deep regret, as the Home Secretary said, that since 1999—we have the figures since 1999 because that is when records were first kept; the system has been in place for many decades—there have been 1,023 cases. It is, however, important for people to understand that a third of those cases—cases in which there should have been consideration pre-release from prison—have been considered subsequently, or are under consideration, and many of those people have been deported. I agree that that still means that the system was not working adequately, which is why the changes that I have just described were implemented.

Mr. Cameron: But that, I am afraid, just is not good enough. We now know that even after Ministers were told about the problem in July, 288 prisoners were released without being considered for deportation. Why did the Home Secretary describe that last night as "very, very few people"?

The Prime Minister: Again, it is important to emphasise that many of those 288—more than 70, I think—have been considered. Indeed, some of them have been deported. It is, however, correct that all of them must now be considered. The point that I am making to the right hon. Gentleman is that from last year extra resources and extra staff—*[Interruption.]*

Mr. Speaker: Order. When the Prime Minister is asked a question, he must be allowed to answer. *[Interruption.]* Order. Mr. Forth, I am not looking for your opinion at this stage. I am saying that the Prime Minister must be allowed to answer.

The Prime Minister: As I was saying, from last July procedures were implemented to increase the number of staff and the resourcing of the unit concerned. That has taken time to build up, but as I said a moment ago, many of those 288 cases—more than 70—have already been considered or are being considered. Some of those people have already been deported. All those cases will be considered, and since 1 April the system has been working properly, so that for the first time ever, everyone who is identified pre-release has his or her case considered.

Mr. Cameron: But the Prime Minister simply has not answered the question about what the Home Secretary said last night. Let us be clear about what he said on television. When asked whether anyone was released after he was told about it, the Home Secretary replied:

"I'm not prepared to say no one but . . . certainly very, very few people."

Given that the actual number was 288, that was completely misleading.

This Home Secretary has presided over systemic failure. He has failed to deal with this, and last night he misled people about the scale of the problem. Is it not clear that he cannot give the Home Office the leadership that it so badly needs?

The Prime Minister: Not surprisingly, I do not agree with that. The Home Office has given the figure of 288. Indeed, the reason we can give figures is that there is now a proper case management system. As I have said, the reason we give the figures since 1999 is that that was the first time that any figures were kept. I would also point out that over the last two years there have been more than 3,000 deportations. Indeed, since last October there have been 800. But let me repeat again that since 1 April all cases have been considered pre-release. The 288 cases to which the right hon. Gentleman has referred will be considered; some have already been considered, and deportations have followed.

Mr. Cameron: We learned this morning that the Home Secretary offered to resign. That contradicts what Downing street said yesterday. They were asked:

"Has Charles Clarke or anyone else offered to resign?",

and replied, "No."

That is the sort of thing that we have come routinely to expect from this Government. Can the Prime Minister answer this? When the Home Secretary offered to resign, did the Prime Minister know that, even after the

Government were told about systemic failure, 288 prisoners were released without being considered for deportation?

The Prime Minister: I do not accept that the Home Secretary did not act on this matter. He did act, for the very reasons that I have given, and in the way that I just described. The fact is that there has been action as a result of people realising that there were cases that should have been considered pre-release which were only considered post-release. There is now a system in place, however, for the first time since these procedures began, that will allow us to make sure that all cases are considered pre-release and that deportations follow, where appropriate. I may point out that that is literally the first time for decades that such a system has been in place.

Mr. Cameron: I asked a simple question: can the Prime Minister tell us whether he knew, or not?

The Prime Minister: I did not know the details of the figures that the Home Secretary gave until today. However, it is as a result of the Home Office having put out the figures that we actually know them. It is therefore quite wrong to suggest that these figures were somehow concealed by the Home Secretary, and as I have already said to the right hon. Gentleman, it is not correct that the 288 cases will not be considered. They will be considered, and the Home Secretary will give details later of how quickly that can be done.

Mr. Cameron: Let us be absolutely clear about what we have just heard. The Prime Minister backs incompetent Ministers, even when he does not know the facts. That is what we have discovered. When are this Government going to start backing and protecting the public, instead of protecting their own backs? Let us be clear about what has happened: 1,000 prisoners have been released on to our streets, when they should have been considered for deportation; the Prime Minister does not know where they are, or how many crimes they have committed since they were released. Is this not part of a wider story: a Government who said that they would be tough on crime releasing dangerous prisoners; a Government who told us that there were 24 hours to save the NHS sacking nurses? When a Prime Minister cannot even deport dangerous foreign criminals in our jails, are the public not entitled to say, "Enough is enough"?

The Prime Minister: First, I did give the right hon. Gentleman the facts on the 1,023 prisoners, and I indicated that over a third of them have already had their cases considered, or are in the course of being considered. As for the national health service, I think that people know very well, when they compare—*[Interruption.]* Well, it was the right hon. Gentleman who raised the issue of the national health service. I am well aware of the reason why Opposition Members do not want the answer.

Mr. Russell Brown (Dumfries and Galloway) (Lab): Two weeks ago, the Hunter Rubber company in my constituency went into administration, resulting in the immediate loss of some 48 jobs. On moving in, the administrators seized everything, including the employees' holiday fund, later indicating that, despite that mistake, they could not refund the money. Thankfully, the Department of Trade and Industry's insolvency unit will rectify the administrators' mistake. However, does the Prime Minister not agree that mistakes made by administrators and the like should be rectified by them, and not left at the mercy of the public purse?

The Prime Minister: I agree with my hon. Friend entirely. I am aware of the situation in his constituency and I am only sorry that his constituents have been put through this misery.

Sir Menzies Campbell (North-East Fife) (LD): On behalf of my right hon. and hon. Friends, may I associate myself with the expressions of sympathy that the Prime Minister gave to the family and friends of Peter Law?

Does the Prime Minister feel any sense of embarrassment in presiding over such incompetence as was revealed yesterday, and who will take responsibility for it?

The Prime Minister: As I explained to the Leader of the Opposition, there has been systemic failure—that is entirely accepted—over a very long period. However, it is also the case that it is only because there have been proper records since 1999 that we know of these numbers of people. There is also now a proper system in place, which is why, I repeat, from 1 April, for the first time ever in the administration of this system, all cases are considered pre-release.

Sir Menzies Campbell Does the Prime Minister understand that if heads are to roll, and those heads are those of civil servants, the public will feel that a lot less than political responsibility has been demonstrated by this Government? May I remind him of these facts? The Government had these matters first drawn to their attention in 2002. Some 288 people have been released since last August. This morning, at Holme House prison in Stockton-on-Tees, a Nigerian prisoner eligible for deportation was seen to walk free into the community. How can the Home Secretary remain in office? How can the Prime Minister not ask for his resignation?

The Prime Minister: For the reason that I gave earlier, which is that the changes that have now been put in place allow us, for the first time, to ensure that the system operates in the way that it always should. Let me just point out to the right hon. and learned Gentleman yet again that all of the 288 cases will be considered. Some of them have already been considered and, incidentally, it is as a result of the action taken by my right hon. Friend the Home Secretary last year—the very time the right hon. and learned Gentleman talks about—including the additional money and additional staff, that we now have in place for the first time that robust system.

Mr. Robert N. Wareing (Liverpool, West Derby) (Lab): When the Prime Minister hears about British soldiers losing their lives in Iraq, he usually—in fact, always, and correctly—makes a statement from the

Dispatch Box expressing sympathy. Today, in Committee Room 16 at 12.30 there will be members of the families of those who have lost their lives in Iraq. Will the Prime Minister spare five or 10 minutes to meet them?

The Prime Minister: For the reasons that I have given on many occasions, I yield to nobody in my support and admiration for the work that the soldiers do in Iraq. It is also important, however, from my perspective and also from the perspective of those who are serving out in Iraq, that they know that we are fully behind the work that they are doing there. They are there with a United Nations resolution and the full support of the Iraqi Government. I believe that at this moment it is important that they know that they are doing a job that is right and worth while, and is absolutely necessary for this country's security.

Q2. [65629] **Mr. David Amess** (Southend, West) (Con): What is the rationale behind the decision to remove the British embassy from the Holy See for the first time since the signing of the Lateran treaty, to close the ambassador's residence and then to invite the Pope to visit Britain next year? Is it the Government's intention to showcase the Pope's visit next year by inviting my right hon. Friend the Member for North Antrim (Rev. Ian Paisley) to take tea with him?

The Prime Minister: First, I should say that we do have an ambassador and a residence there and it is important that we keep them, but the Foreign Office—like many organisations—has to undergo changes, including the exact location of its embassies or residences. That is for perfectly understandable reasons of cost, but we have an excellent ambassador to the Vatican, who is doing an excellent job.

Mr. Eric Joyce (Falkirk) (Lab): All right hon. and hon. Members recognise the size of the challenge of restoring the Northern Ireland Assembly. Does my right hon. Friend agree that the latest report by the Independent Monitoring Commission provides the beginning of a foundation for a successful outcome?

The Prime Minister: I hope very much that it does, because the Independent Monitoring Commission's report today is important. It is important because it reports both on paramilitary and on criminal activity. It is our hope that if this situation continues, we will have sufficient confidence and trust on all sides of the community in Northern Ireland to get the devolved institutions back up and running again. That is of vital importance to the future and, as my hon. Friend rightly implies, if we look back over the past 10 years, we see that Northern Ireland has come a very long way. It would be tremendous for the people of Northern Ireland and for the whole of the United Kingdom if that could be seen through to a successful conclusion.

Q3. [65630] **Mr. Adrian Sanders** (Torbay) (LD): It is estimated that there are around 1 million undiagnosed diabetics in the United Kingdom. One of the main barriers to them seeking treatment is their fear that diagnosis would lead to a lifetime of injections. That is why it was so disappointing that the National Institute for Health and Clinical Excellence last week ruled out making available the alternative system of inhaled insulin. The NICE report did not consider that group of diabetics who are put off seeking medical treatment to control their condition, but concentrated only on the efficacy and cost of existing diabetics being moved to a different regime. Will the Prime Minister look again at that group of people, who will cost the health service an enormous amount of money in the long term if they do not get the appropriate treatment quickly? The alternative system could be the key.

The Prime Minister: I am very prepared to pass on the hon. Gentleman's remarks to NICE, but it is important that that body ends up making the clinical decisions. I am not qualified to do that, and neither is he. The way that NICE operates has generally commanded a great deal of respect. However, the treatment of diabetes on the NHS is undergoing considerable change, particularly to give people who suffer from diabetes greater power and control over their treatment. Decisions about how that is done, and about the safest way to do it, must be left to those who are experts in the field.

Q4. [65631] **Mrs. Joan Humble** (Blackpool, North and Fleetwood) (Lab): Is the Prime Minister aware that the TVR car company has announced that it will leave its Blackpool base in six months, and that that announcement has caused real distress to my constituents? Will he therefore, as a matter of urgency, ask specialist advisers from the DTI to liaise with Blackpool council and offer advice and support to TVR so that it can look at realistic options to remain in Blackpool? If the company makes the sad decision to relocate some or all of its operations, will he ensure that support and advice are given to the members of its skilled work force so that they can find suitable alternative employment?

The Prime Minister: I can certainly give my hon. Friend that assurance, and I am obviously sorry for those of her constituents who face the prospect of redundancy. She will know that there is now a well tried and tested procedure for dealing with situations where manufacturing or other redundancies arise as a result of changes in the market. We will make sure that the full infrastructure of support from Jobcentre Plus and the DTI is put in place to try to help her constituents. It is fortunate that our very strong economy and the number of jobs available in it mean that we have been able to provide extra jobs when similar redundancies have occurred. In addition, I assure my hon. Friend that we would be happy also to provide the necessary re-skilling and retraining for her constituents.

Q5. [65632] **Willie Rennie** (Dunfermline and West Fife) (LD): Will the Prime Minister join me in congratulating Dunfermline's Lauder college on its record in respect of employment and enterprise? Over the past 18 years, it has successfully helped thousands of people find work in Fife. Will he also investigate the decision by Jobcentre Plus not to renew three new deal contracts with the college? That decision has been criticised by the local community, businesses and hon. Members on both sides of the House.

The Prime Minister: I am very happy to congratulate the college on the work that it does. Obviously, I am not aware of the individual circumstances of the decisions taken by Jobcentre Plus, but I shall be happy to look into the matter, and send the hon. Gentleman a reply on the subject.

Q6. [65633] **Ms Gisela Stuart** (Birmingham, Edgbaston) (Lab): My constituents are worried when they read in the newspapers about NHS staff cuts, even though the first new hospital for 70 years has been built in Birmingham, at a cost of £600 million. Will the Prime Minister give me an assurance that the NHS will continue to have well trained and motivated staff, so that we can continue to reform the service? We must not return to the real crisis, which happened when the Tories tried to dismantle the NHS. *[Interruption.]*

The Prime Minister: Opposition Members can shout, but my hon. Friend is absolutely right. Some 250,000 or more new staff have joined the NHS in the past few years—including, incidentally, 85,000 nurses. She is right to say that the Birmingham hospital redevelopment will cost almost £700 million. Indeed, most of the hospital stock that existed under the previous Government and when this party came to office was built before the NHS was created. That has changed as a result of the largest-ever hospital building programme. For all the difficulties and challenges facing the NHS, we should never forget how much better it is under this Labour Government.

Q7. [65634] **Mr. David Evennett** (Bexleyheath and Crayford) (Con): Is the Prime Minister aware that recorded crime in my borough of Bexley rose by 5.4 per cent. last year? People in my constituency believe that the Government and the local Labour council have failed on crime and antisocial behaviour and that they are completely out of touch. Will he start listening, get real and get some results?

The Prime Minister: We have actually had a lot of results, both in Bexley and elsewhere, where as a result of the additional investment of this Government in the Metropolitan police area, as the hon. Gentleman knows, there are thousands more police officers; there are community support officers; and recorded crime has actually gone down, not up. In addition, there is more investment in education, there is more investment in health care and there is more investment in pensioners—a lot more than under the Government whom he used to support.

Martin Linton (Battersea) (Lab): Would my right hon. Friend perhaps prefer to visit my constituency of Battersea, only a mile from the House of Commons, where the Government and the Mayor have set up safer neighbourhood teams in every ward, helping to cut crime in the borough of Wandsworth by 5 per cent. in the last year? They have set up these teams a year ahead of target, even though the Conservative party voted against the budget at City hall.

The Prime Minister: Of course, Opposition parties did vote against the budget that has allowed us to roll out safe neighbourhood policing in London, so that people will have neighbourhood policing teams which by the end of the year will comprise, in each area, a police sergeant, two police officers and three community support officers. So, for the first time in London for years, there will be proper beat patrols back on the street, which is what people have wanted for ages. This Government and the Mayor and local authorities have provided it, and the Opposition parties voted against money for it.

Q8. [65635] **Peter Luff** (Mid-Worcestershire) (Con): Many jobs in my constituency, at Evesham Technology, depend on a highly successful Government scheme, the home computing initiative. Why, without warning, and only days after the Department of Trade and Industry offered it to its own staff, has the Chancellor of the Exchequer abolished it?

The Prime Minister: There are, however, other things that we are putting in place to help people with improving access to technology. For example, there are now going to be some 6,000 centres across the UK which will allow people to access computer technology at very low expense. But we have to ensure that in any such initiative we obviously balance the revenue that is coming in with the support that is being given.

Q9. [65636] **Sarah McCarthy-Fry** (Portsmouth, North) (Lab): Two of my constituents, Jeanette Macleod and Margaret Prior, have both received Respect awards for taking a stand against antisocial behaviour. Will the Prime Minister join me in congratulating them, and also in assuring them and other concerned residents in my constituency that this Government will continue to back and support them with tough measures against antisocial behaviour?

The Prime Minister: We certainly will, and I can assure my hon. Friend that in places up and down this country we are seeing the results of the extra resource and the numbers of police and community support officers, and of the additional powers to tackle antisocial behaviour—things like closing down homes that are used for drug dealing, ensuring that vandalism and so on can be dealt with by on-the-spot fines, and ensuring that we can put ASBOs on those people who are out of control and not behaving in a respectful and proper way within their community. And each and every one of those measures has been opposed by the Liberal Democrats and many have been opposed by the Conservatives.

Julia Goldsworthy (Falmouth and Camborne) (LD): With the only acute hospital in Cornwall closing wards and axeing hundreds of jobs, does the Prime Minister still really believe that this has been the best year ever for the NHS in Cornwall?

The Prime Minister: I say to the hon. Lady, as I say to all people who criticise the NHS and the changes that it is going through, simply compare what has happened across the NHS and inject some balance into this debate. The numbers of nurses and doctors are up. The waiting

times and waiting lists are down. We have radically improved services for some areas that were, a few years ago, among the main areas of concern, such as heart disease and cancer. Going to the accident and emergency department today is a quite different experience from a few years ago.

We will continue to make the changes necessary to deliver those reforms. There is a massive resource going in. But the health service cannot always stay as it is. When we examine some of the so-called job losses that are happening, we see that, yes, some will involve genuine redundancies, but I say "so-called" for this reason: others do not. They involve redeploying staff to other duties, and in any system that employs more than a million people it is absurd to say that everyone carries on doing the same thing in the same way. The programme of investment and reform is right. It is delivering, it will deliver and we shall keep to it.

Q10. [65637] **Michael Jabez Foster** (Hastings and Rye) (Lab): My right hon. Friend will be pleased to know that there are 100 extra nurses in our local hospitals in the Hastings area. This year alone, we have 15 extra community nurses and a primary care trust that is in balance and delivering services. But—[HON. MEMBERS: "Ah."] The "but" is this: my strategic health authority suggests abolishing my local PCT that has delivered so much. Will my right hon. Friend intervene, look at the issue and do something about it?

The Prime Minister: We will certainly look carefully at what my hon. Friend says about his local PCT. I understand that there are differing views about the amalgamation and merger of PCTs, but he is absolutely right to point out the tremendous improvement in his area and in constituencies up and down the country. That is not just the result of record amounts of investment—all of which the Conservatives voted against—but also of change and reform, and sometimes that change and reform will mean that people are redeployed and that tough decisions are taken to sort out financial deficits, but that is precisely why we are able to say that by the end of 2008 there will be a maximum 18-week wait on an out and in-patient list combined. That would revolutionise the NHS and end for ever the concept of waiting. It is something we are determined to deliver and we will take the tough decisions necessary to do so.

Q11. [65638] **John Penrose** (Weston-super-Mare) (Con): Weston-super-Mare hospital is one of the most efficient in the country, with reference costs roughly 15 per cent. below the Government's targets over the past two years, yet yesterday it had to announce cuts of £11 million and, according to Unison, the loss of up to 60 front-line nursing posts. Given that the Department of Health has so far refused to implement payment by results, which would wipe out that deficit in a year, and has also refused to act on the problem of local primary care trust funding being £11 million below the Government's own target capitation figures, does the Prime Minister agree that this is not a problem created by local mismanagement but a crisis created by decisions made at Westminster? Will he intervene personally?

The Prime Minister: I am happy to look into the hon. Gentleman's point about how payment by results applies in his PCT, but when people talk about cuts in NHS finances, I have to say again that there is, on any basis, a huge increase in national health service financing for his area. On waiting times, for example—*[Interruption.]* Well that is where the money has gone, too. In 1997, in the strategic health authority covering the hon. Gentleman's constituency, the number of people waiting more than six months for an operation was almost 12,000; today it is three. That may be three too many but it is a darn sight better than 12,000. I agree that when we introduce new measures of financial accountability there will difficulties and sometimes posts will not be filled or will be made redundant, but if at the end of the process we have a national health service that is fit for purpose in the early 21st century, where waiting lists come down even further and we get rid of the concept of waiting in the NHS, that change will help his constituents. I cannot promise him that there will not be difficulty or change in his area or in any other, but I can say that it is fully worth it to make sure that every pound of taxpayers' money going into the national health service is most effectively used.

Foreign Nationals (Deportation and Removal)

12.33 pm

The Secretary of State for the Home Department (Mr. Charles Clarke) *rose—*

Hon. Members: Resign!

Mr. Speaker: Order. The House wanted a statement yesterday. The statement is here, and we must listen to the Home Secretary.

Mr. Clarke: With permission, I would like to make a statement on deportation and removal of foreign nationals. As I said in my written statement to the House yesterday, to the best of my knowledge, between February 1999 and March 2006 1,023 foreign national criminals, who should have been considered for deportation or removal, completed their prison sentences and were released without the appropriate consideration of deportation or removal action. This failure in the systems for dealing with foreign national prisoners is deeply regrettable and my immediate priority is to set that right.

The arrangements for identifying foreign national prisoners and considering their removal from the UK have not kept pace with the significant rise in the foreign national prisoner population over recent years. While there has been no fundamental change in our policy to consider serious offenders for deportation before release in recent years, it is clear that the increasing number of cases being referred for consideration led to the process falling down.

In recent months we have been making significant improvements to the system for identifying, referring and caseworking foreign national prisoners. That includes significant increases in resources for caseworking, commencing deportation proceedings at the earliest possible point prior to release and much closer working between the agencies involved.

Of the 1,023 foreign nationals in total, consideration of the case for deportation has started in 355 cases, of which 107 have been completed and 20 have been deported. Of the 288 that should have been considered since August 2005, 83 have been started, 53 completed and 14 deported. I can confirm that consideration of the most serious cases has, of course, commenced and I will report further on progress by the end of this week.

It may help to put the matter in context if I say that in the two calendar years 2004 and 2005, around 3,000 foreign national prisoners were deported. I am confident that we can build on this performance and I am considering how we might tighten our processes even further—*[Interruption.]*—for example, through policy and sentencing options and further practical measures.

My aim is to ensure that the foreign national prisoner population is managed effectively and proactively, ensuring that the number of people held in prisons under immigration powers is kept to the absolute minimum, that we have the right sentencing powers and identification of referral and caseworking capacity so that we are in a position to effect removal at the earliest point of release. That is my commitment, and I will report regularly to the House on progress.

David Davis (Haltemprice and Howden) (Con): I have to say to the House that I respond to the Home Secretary's statement with regret, which is not something that I have said about all Home Office Ministers. I have known the right hon. Gentleman for 30 years, and despite our differences, I have always had a broad degree of respect for him. However, as the right hon. Gentleman has reminded us over the last few days, it is the first duty of Government to protect the public—and I am afraid that events of the last few days have demonstrated a culpable failure to protect public safety—*[Interruption.]* If the Government Chief Whip wishes to intervene, I am afraid that under the rules of the House, I am not allowed to let her do so; I will gladly do so on another occasion.

The Home Secretary's statement reveals a disturbing neglect of public safety at the heart of Government. Following on from his statement last week on murders committed by offenders on probation, this is yet another example of his Department's failure and incompetence. There is no excuse for the Home Secretary not knowing about it. Her Majesty's inspectorate of prisons report of 2002–03 highlighted

"an institutional blind spot for foreign nationals as a whole",

while the following year's report stated baldly:

"In spite of the growing number of foreign national prisoners, there is still no national strategy, and too few prisons have their own local foreign national policies".

The National Audit Office reported on the matter last July, and in September my shadow prisons Minister asked how many foreign nationals were in prison awaiting deportation. She was told that the information could be obtained only at disproportionate cost.

In October, when the Public Accounts Committee asked how many failed asylum seekers had been released from prison, the Home Office could not answer. When we asked again, as late as last November, the Minister for Immigration, Citizenship and Nationality claimed, with astonishing complacency that the Government were ensuring

"that foreign national prisoners liable to deportation are removed promptly."—[*Official Report*, 21 November 2005; Vol. 439, c. 1751W.]

Now, after that series of warnings, the Home Secretary is still unable to give us the definitive figures. He says that to the best of his knowledge, 1,023 foreign-born prisoners who should have been considered for deportation have been released into the community, putting the public at risk. Is he even able to tell the House how many of those released criminals have committed further offences? We would expect half of those people to have reoffended. How many further serious crimes have been perpetrated by the people whom the Home Secretary has put back on our streets?

When asked where the murderers, rapists, kidnappers and drug dealers were today, the Home Secretary said that he did not know, despite the fact that many, if not all, of those categories should have be subject to supervision, even if they had been British prisoners. But he presumably does know how many have been released, and he does know who has been deported. So if the Home Secretary does not know where they are, he must tell the House this: how many foreign convicted killers, how many convicted paedophiles, how many convicted rapists and how many convicted drug dealers are at large today, as result of his policy failure?

[David Davis]

Last night on "Newsnight", when asked if anyone was released in the period after we knew about this problem, the Home Secretary said, "Very, very few," but a statement broadcast after the 10 o'clock news announced that 288 more foreign criminals were released after the Home Secretary explicitly knew that there was a problem: 288 releases over eight months is actually a faster rate than 700 over six years. The rate of release of those criminals into the community was greater after July, when he found out, than it was before July. Does the Home Secretary really believe that almost 300 foreign convicted criminals released into our communities is "Very, very few"? I am afraid that I must tell him that I cannot think of a starker demonstration of a Minister not in charge of his Department.

The Home Secretary is a proud man, and he will be mortally embarrassed by the failure that we have heard about today, so I am not surprised that he offered his resignation to the Prime Minister. The Prime Minister said that he should not go. At 4 pm I was saying that he should not go. On the 6 o'clock news I was saying that he should not go. On the 10 o'clock news I was saying that he should not go. But like the Prime Minister at the time of his earlier admission, we did not know all the facts yesterday. The information released overnight is that 288 criminals were released after the Government knew about the problem. I am sorry to say that because of this culpable failure to protect the safety of the public, the Home Secretary's position is now untenable.

Mr. Clarke: I think that there are three points that I want to make. [HON. MEMBERS: "Resign!"] I am terribly sorry to disappoint Opposition Members—*[Interruption.]*

Mr. Speaker: Order.

Mr. Clarke: First, it is absolutely untrue that the Government neglect public safety. Public safety is rightly the first priority of any Government. It is true—this is the second point—that there have been the failures that I set out in the statement to the House today, including failures in the relationship between the Prison Service and the immigration and nationality directorate that have led to the failures of information to which the right hon. Member for Haltemprice and Howden (David Davis) referred and for which I apologised to the Chairman of the Public Accounts Committee over the phone yesterday morning, before writing him the letter in which I set that out. It was a failure. I have acknowledged that it is failure, and it must be got right.

Mr. Brian Binley (Northampton, South) (Con): Apologise!

Mr. Clarke: I do apologise; I have apologised; and I continue to do so. It is not right that this should be the state of affairs, but I will produce the information, as I said in my statement, in the form that the right hon. Member for Haltemprice and Howden requests, when I have it in every respect—I will not do it partially.

The third point that I want to make in response to what the right hon. Gentleman said is that I think that the first duty of everyone in public life, certainly everyone in government, is to take responsibility to improve the situation and deal with things in the proper way. [HON. MEMBERS: "Take responsibility!"] I think that my responsibility is to take that responsibility and to put things right, and that is what I intend to do.

Mr. Nick Clegg (Sheffield, Hallam) (LD): Yesterday, No. 10 was reported as saying that it is

> "unreasonable to expect Ministers to know what is going on in every nook and cranny in their Departments."

Does the Home Secretary really think that the release without deportation of more than 1,000 foreign prisoners can be reasonably described as a nook or a cranny in the work of the Home Office? The Prime Minister also said that the facts have come to light only recently, and that a new system is in place to deal with the issue. However, in answer to a question from my hon. Friend the Member for Mid-Dorset and North Poole (Annette Brooke), a Home Office Minister told us in January 2004:

> "HM prisons are instructed to notify the Immigration and Nationality Directorate . . . of all foreign nationals sentenced to a term of imprisonment, together with their release dates once calculated.
>
> IND then considers whether a person should be deported or removed and it is our aim . . . to remove such persons in line with their release from custody."—[*Official Report*, 27 January 2004; Vol. 417, c. 267W.]

If that was the case in January 2004, how can it now be plausibly claimed that neither the Home Secretary and his Department nor the Prime Minister knew that there was a system in place already to deal with the issue, which was abjectly failing in its primary responsibility to protect the safety of the public?

Will the Home Secretary also tell us whether he knows the whereabouts of the three murderers and nine rapists who have been released and not deported—who should, in the normal course of events, have provided details of their whereabouts to the police already? If he does not know their whereabouts, will he tell us when he thinks that he will have that information? Does he know what offences have been committed by those who have been released? If not, when will he know?

Finally, the Home Secretary at least displays some understanding that someone needs to take some political responsibility for this momentous example of incompetence. Frankly, the same cannot be said for his predecessor, the right hon. Member for Sheffield, Brightside (Mr. Blunkett), or the Minister responsible for immigration, who both, within hours of this matter coming to light yesterday, said that the heads of officials might need to roll. Reacting to the news by immediately hoping to shift the blame to officials and underlings who do not have the ability to defend themselves in public smacks of the worst kind of mean-spirited buck passing.

Mr. Clarke: I think that there are two points here. First, on the various aspects of information that the hon. Gentleman asked me to provide, I simply refer him to what I said in the statement and in answer to the right hon. Member for Haltemprice and Howden. The hon. Member for Sheffield, Hallam (Mr. Clegg) is entitled to ask those questions, and I will give the answers, but I will do so in the time scale that I set out.

Secondly, on the hon. Gentleman's concluding point about responsibility for this matter, I believe that he is right to say that it is entirely a matter for Ministers to take responsibility, and in particular, for me to take responsibility, and not to seek to shelter behind officials in any regard. It is true to say that there is a systemic issue, as I have indicated throughout, which needs to be addressed and which is my responsibility. He is quite right to say that. However, I interpret that—I am not sure that he does—as meaning that it is my responsibility to get the systems working correctly to protect us in the most effective way. That is what I intend to do.

Keith Vaz (Leicester, East) (Lab): I welcome the information that the Home Secretary has given this morning, but may I remind him that on 5 October last year, I wrote to him about a constituent, James Bishop, who was killed by a foreign national who was removed from the country without standing a full trial? On 28 October, from the Dispatch Box, I was given assurances that if there were lessons to be learned about that removal, they would be learned. Does he not agree that at the root of the problem is the co-ordination between three departments—the Prison Service, the IND and the Courts Service? I am glad that he is not resigning and is going to remain as Home Secretary, because the system has to be put right to ensure that people who kill people in this country stand trial before removal, and that those who have been convicted with a recommendation for deportation are removed and not allowed to remain.

Mr. Clarke: My hon. Friend is absolutely right, and I completely agree with him about the extent of the systemic issues to which he referred. He is also right to say that those failures lead to personal tragedies of the most appalling kind—of the kind that he has raised previously. That is why I take so seriously the responsibility for getting the systems working in the right way.

Mr. Richard Bacon (South Norfolk) (Con): I shall give the Home Secretary credit for one thing: at least he has not tried to claim that yesterday was the best day ever for the Home Office. He has sought to accept responsibility for this matter, and to that extent, I credit him. None the less, people are simply at a loss to understand how this could have happened. They want to know why, every time a prisoner who is a foreign national is about to be released from prison, someone does not ask, "Should they now be deported?" The only explanation that people can come up with is that the rights of foreign criminals are more important and given higher priority than the right of the public in this country to be protected. Those are the facts. Will the Home Secretary at least tell us that an order has now gone out to prison governors that no foreign nationals who are currently in prison are to be released without it first being established whether they should be deported—and if not, why not?

Mr. Clarke: I begin by paying tribute to my parliamentary neighbour, the hon. Member for South Norfolk (Mr. Bacon), for the way in which he has conducted himself on the Public Accounts Committee. As I said to the Chairman of the Public Accounts Committee yesterday, although there are many criticisms to be made of the way in which the Home Office has operated in this respect, the fact that the PAC has addressed the issues as it has, and has taken them up, is a credit to the system and I pay credit to him personally for it.

I do not agree with the hon. Gentleman on his point of substance. It is not my view, or that of anyone in the Home Office, that the rights of criminals, especially foreign national criminals, are more important than the rights of citizens. However, it is the case, as his Committee has been trying to expose, that inefficiencies and ineffectiveness exist in the way in which we have carried out our responsibilities. I am sure that his Committee will continue to take up that issue, and we will, of course, continue to try to improve what we do.

Mr. John Spellar (Warley) (Lab): I congratulate my right hon. Friend on the way in which he has commendably come to the House and accepted responsibility. Does he accept that the Home Office is a seriously dysfunctional organisation that has frustrated the attempts of Home Secretaries of both parties to deal with crime and illegal migration? Will he not only follow the advice of his predecessor to ensure that heads will roll, but make sure that there is a shake-up from top to bottom in the Home Office, so that this inefficient organisation is on the side of the community, not the criminals?

Mr. Clarke: I agree completely with my right hon. Friend and his implicit criticism. That is why I have, as Home Secretary, tried to carry out the kind of reform that he describes. In saying that, I want to point out that this issue is about not the integrity or commitment of people who work for the Home Office, but how to organise ourselves in the most effective way. The issue has highlighted both that and the need for the kind of reforms that my right hon. Friend highlights.

Mr. Michael Howard (Folkestone and Hythe) (Con): Last night the Home Secretary told Jon Snow that he would not resign unless it could be shown that what had happened was the result of a personal failure on his part. I agree with him that that is the right approach. A few hours later, he told Jeremy Paxman that what had happened was the result of a shocking failure on his part, among others. Given those two answers, how can he stay in his job?

Mr. Clarke: The right hon. and learned Gentleman is probably the only Member of the House from whom I would not accept that stricture. As Home Secretary he had a long record of evading responsibility, as the right hon. Member for Maidstone and The Weald (Miss Widdecombe) pointed out so powerfully at the time. For example, the right hon. and learned Gentleman's responsibilities on category A escapes stand in front of us. I agree with him that it is right for people to bear responsibility—and I do—but my responsibility is to create the kind of Home Office that

[Mr. Clarke]

means that such a situation cannot recur. In so doing, I am still, eight years on, dealing with the legacy for which he was responsible.

Lynne Jones (Birmingham, Selly Oak) (Lab): On 10 April I wrote to the immigration and nationality directorate about the case of Paul Omorui, a Nigerian who entered the country illegally from Spain using false documents, got employment with Royal Mail, again using false documentation, and stole financial and identity documentation. As I have not yet received a reply to my inquiry, will the Home Secretary assure me that the man will be deported, as recommended by the judge who sentenced him to 15 months' imprisonment? Will the Home Secretary also give assurances that in future, instead of constant change brought about by a never-ending round of criminal justice and immigration and asylum legislation, the Government will concentrate on developing effective and efficient administration systems and good decision making in the Home Office?

Mr. Clarke: I can give my hon. Friend the assurance that I will look immediately into the case and answer her directly.

Mr. Peter Robinson (Belfast, East) (DUP): I share with many on the Opposition side of the House concern about the serious failing of the Home Secretary and the Home Office. Even if the Home Secretary does not know the precise addresses of all those whom he is considering for deportation, can he indicate whether there are any who are likely to be residing in Northern Ireland, and the offences for which they might have been formerly convicted?

Mr. Clarke: I cannot give the hon. Gentleman the full information that he requests. I understand that there are fewer than 50 foreign nationals in prisons in Northern Ireland, for a range of offences, but I will write to him with the information that he wants.

Mr. Mark Todd (South Derbyshire) (Lab): Does the Home Secretary agree that there is substantial evidence of overload, in political, administrative and legislative terms, in his Department and that that has put substantial burdens on him and his fellow Ministers? Does he agree that there is a requirement for a review of the political and management resources devoted to the tasks that are given to him?

Mr. Clarke: I agree with quite a lot of that. Since I have been Home Secretary I have tried to organise the Home Office into three essential pillars—the first dealing with policing and counter-terrorism, the second dealing with offender management and the issues about which we are talking, and the third dealing with immigration, asylum and identity—and to have a reform programme in each to try to ensure that we can achieve the efficiency that we need. That has to be taken forward in a large variety of ways, as is happening. I also agree with my hon. Friend about the substantial volume of legislation that we have had in this Session. Perhaps I can give him the assurance that I have given others that I am determined to have a good deal less legislation in the rest of the Parliament. I see that the Government Whip who deals with such matters is looking extremely happy as I make that statement.

Mr. John Redwood (Wokingham) (Con): Presumably the released offenders are now either on benefit or in employment paying tax, so how can the Government have lost contact with them? I am sure that if one of my law-abiding constituents had committed a speeding offence, the Government would soon find his address and send him the relevant prosecution papers. Why cannot the Home Secretary use the many records that the Government have to find those people before it is too late?

Mr. Clarke: As I said, we are proceeding on that. I have given figures on where we are, and I said that I would report further. I am sure that the right hon. Gentleman would agree that if an identity card system had been in place, it would have been easier to move more quickly—*[Interruption.]*

Mr. Speaker: Order. It will not do if hon. Members are shouting across the Chamber. I once again remind the House that it wanted the statement, and that hon. Members want to question the Home Secretary.

Mr. Lindsay Hoyle (Chorley) (Lab): Obviously this issue is serious, and no one can shy away from it. May I say to my right hon. Friend that people expect action, and to know that no more will be released? What special advice has he given to the Prison Service and chief constables to get those dangerous people back off the streets, into prison and deported—whenever that may be? We need to know that the matter is being taken seriously, and the public expect officials in the civil service to resign—[HON. MEMBERS: "Ministers!"] The public also expect elected Members to consider their position when such serious things have happened, so I must pass that advice to my right hon. Friend.

Mr. Clarke: My hon. Friend is quite right, in that I am sure that his constituents and everyone want the situation to be addressed effectively and quickly. I said in my statement that I would report further on progress regarding the most dangerous individuals concerned by the end of the week. As for the consideration of positions, I have considered my position—and I have decided that my position must be to put the situation straight, which is what I am going to do.

Mr. Edward Leigh (Gainsborough) (Con): I thank the Home Secretary for phoning me yesterday morning. I do not want to get involved in the politics of this, but serious questions must be asked. As the alarm bells started ringing at the Home Office last summer, why was it that the permanent secretary was unable to give anything like full details to the Public Accounts Committee when we asked him direct questions in October? Why was it that after repeated prodding, no proper note was produced, despite the fact that a note with the information was promised by the time our report was published on 13 March? Why did it take until yesterday for the Home Secretary to write to me with the details? Was that because this afternoon we are interviewing the new permanent secretary about the

unprecedented failure of the Department to present any accounts at all to the Comptroller and Auditor General? What is going on in the Department? Is it ungovernable, in meltdown and out of control, or was there an attempt by the then permanent secretary to withhold information from the Public Accounts Committee, which would surely be unthinkable and unprecedented?

Mr. Clarke: I repeat to the hon. Gentleman what I said to his colleague on the Committee: the PAC has conducted itself entirely correctly. I give him an absolute assurance that there was no attempt by the former permanent secretary, who I think will be in front of the Committee this afternoon, to withhold information from the Committee. The Committee's inquiry revealed the inadequacy of our procedures, even to the extent of giving the proper details and information to the Committee that should have been given. As a result of that and the continued pressing by the hon. Member for South Norfolk (Mr. Bacon) on those points, we went back through every aspect, and we came to appreciate that we had given the Committee the wrong information for the period about which it asked. I decided not only that we should give accurate information on that period but that we should give full information for the whole period so that all our information was in the public arena. That is why we made the decision. We acted as speedily as possible, but I certainly cannot hide from the hon. Member for Gainsborough (Mr. Leigh), after his Committee's careful consideration of those matters, the fact that there was a serious systemic failure in our ability properly to understand what was happening, as the Committee discovered. He deserves credit for that clarification, but I repeat my assurance that, first, we will work with his Committee if necessary to get it right—and we shall certainly do so in any case—and, secondly, that there was no attempt on the part of anyone, including the former permanent secretary, to mislead the Committee with the information that was given.

Ms Sally Keeble (Northampton, North) (Lab): I welcome my right hon. Friend's statement on a matter that is of great concern to my constituents, who want reassurance. Having listened to the exchanges, it appears that there is problem with delays in decision-making by IND on those cases. My constituents want to know why it takes a certain length of time to decide to deport someone who has committed a desperately serious crime. What will my right hon. Friend do to speed up decision making so that decisions are made quickly and the processes can be cut down if necessary to prevent delays in deporting serious criminals?

Mr. Clarke: My hon. Friend has put her finger on the problem. It is important to make those decisions while people are still serving their sentence so that they can be executed before they leave prison. *[Interruption.]* I do not mean executed literally—the decisions should be executed before those people leave prison. That is precisely the policy that we have now put in place, and we are carrying it out as energetically and effectively as possible. What is required, as my hon. Friend implied, is a significant improvement in our procedures, particularly the relationship between the Prison Service and the IND to ensure that they can both identify and consider those questions far more rapidly. As I said in my statement, we are considering whether sentencing issues and even legal changes could assist us, but my hon. Friend has put her finger on the right point.

Pete Wishart (Perth and North Perthshire) (SNP): May I tell the Secretary of State that the events of the past 24 hours have been met with huge concern in Scotland, so can he tell me how many of those released foreign nationals are resident there? He will know that criminal justice in the Scottish Prison Service is devolved to the Scottish Executive, so when did he first alert Scottish Ministers and the Scottish prison system to those difficulties?

Mr. Clarke: I do not have information about Scotland to hand but, as I told the hon. Member for Belfast, East (Mr. Robinson), I will write to the hon. Gentleman with that information as soon as possible.

Stephen Pound (Ealing, North) (Lab): No one would deny that this is a damnably serious business. I pay tribute to Members such as the hon. Member for Gainsborough (Mr. Leigh) who decided not to lower themselves by playing party politics with the issue. May I tell my right hon. Friend that the episode has taught me two things? First, this is not the time for the Home Secretary to leave his position, as he has to see this through. Secondly, does he not agree that the case for identity cards has now been made?

Mr. Clarke: As it happens, my hon. Friend will be shocked to hear that I agree with him on his second point. He is quite right, and I am confident that wisdom will spread across the House on those matters. As for his first point, I am extremely grateful for his support. Yes, I believe that I should sort this out, and that is what I am going to do.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The right hon. Gentleman referred to systemic failure. Does he accept that that extends to Ministers, and will he confirm that 288 prisoners were released after he and his colleagues became aware of the problem? Will he confirm that 160 were released, notwithstanding an express judicial recommendation that they should be deported? Given all of that, what meaning should we attach to the phrase, "personal responsibility", as applied to Ministers, if it excludes the resignation of those responsible?

Mr. Clarke: I think that I have dealt with every single one of those points, so I will not repeat myself.

David Howarth (Cambridge) (LD): Coming back to the point about the amount of legislation, is that not one of the most galling aspects of the whole business? The Home Secretary has brought to the House criminal law Bill after criminal law Bill, yet he has failed to use his existing powers. Is that not the reason why he has to go, as he has been caught playing gesture politics while failing to be effective in the most basic way possible?

Mr. Clarke: No.

Anne Snelgrove (South Swindon) (Lab): My right hon. Friend may be aware that my office experienced some

[Anne Snelgrove]

difficulties last year with the immigration and nationality directorate. After some robust conversations with the Minister for Immigration, Citizenship and Nationality, I am glad that the IND has sorted out many of those problems, and spent a great deal of time with my office to resolve cases that went back several years. That experience demonstrates that there is capacity in the IND to sort out such problems, but there is a problem with communication and capacity across the whole service. Can my right hon. Friend reassure my constituents and me that he and the Minister for Immigration, Citizenship and Nationality will keep working to make sure that communications are better?

Mr. Clarke: I agree with my hon. Friend. One of my regrets is that this whole business obscures the fact that the IND has made substantial improvements in recent years by, for example, achieving the tipping point. The improvements to which she referred are the result of a deliberate effort to change the relationship between the IND, Members of Parliament and others. I do not wish to hide the failure that has taken place, particularly the failure in communication to which she rightly referred. However, I hope that fair-minded Members will take account of the genuine progress by IND in various ways in recent years.

Mr. Eric Forth (Bromley and Chislehurst) (Con): How many of those criminals had a previous criminal record, either here or in their own country?

Mr. Clarke: I am sorry, but I must give the right hon. Gentleman the same answer that I gave his right hon. Friend the Member for Haltemprice and Howden (David Davis). I will publish all the information when I am in a position to do so.

Mike Gapes (Ilford, South) (Lab/Co-op): The statement referred to the introduction of a new system in 1999. Can the Home Secretary confirm that a major problem with the immigration and nationality directorate for many years—and it is one that still frustrates those of us who have to deal with it on a daily basis on behalf of our constituents—stems from the fact that a considerable backlog of cases was inherited from the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) and others, which meant that its focus was not always where it should have been.

Mr. Clarke: I am grateful to my hon. Friend, who is right. As a matter of practical politics, I generally do not think that it is very helpful to refer to things that happened more than eight or nine years ago, as people can legitimately say that we have been in government since 1997. However, the one person I would exclude from that is the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), as he bore direct responsibility for the shambolic system that we inherited.

Mr. John Hayes (South Holland and The Deepings) (Con): The House and the nation are entitled to know how severe the crisis would have to be before the Home Secretary's conscience was pricked and he left his job, if not with credit, then at least without a stain on his character. In how many cases did a judge recommend at the time of sentencing that the offender be deported? What are the legal implications of the Home Secretary and those for whom he is responsible ignoring such recommendations?

Mr. Clarke: There is a misunderstanding that I must clear up. When sentencing takes place, the judge recommends in such cases that consideration be given to deportation. He does not recommend that the individual be deported, but that consideration be given to deportation. That recommendation should have been looked at. That was not done correctly, but it will be done correctly and carried out properly. There are grounds for considering the difficult question of whether deportation should be used as a direct sanction in court to deal with certain cases. That is what I was referring to when I referred in the statement to the need to take a wider look at some things. That is the situation. On the numbers, I repeat what I said to the right hon. Member for Haltemprice and Howden (David Davis): when I am ready to give the figures, I will do so.

Patrick Hall (Bedford) (Lab): My right hon. Friend will no doubt agree that one of the important issues to consider in this matter is the effect on public confidence. He will know that a constituent of mine has been widely reported as having had a hand in the Rwandan genocide. I do not know whether that is so, but does my right hon. Friend agree that the Home Office needs to play a clear role in getting the matter investigated? It undermines public confidence in my constituency and elsewhere if, as appears now, nothing seems to be done.

Mr. Clarke: My hon. Friend is right about public confidence. That is my single biggest concern in the whole matter. That is why I feel it is my duty to try to achieve public confidence. I shall not speak about individual cases, including the one that he mentions, but I agree that bringing people to justice in the right way must be at the core of our approach.

John Hemming (Birmingham, Yardley) (LD): The Home Secretary's use of the passive voice makes me feel that the Government are in office, but not in power. New legislation is continually introduced, although little action is taken to make existing legislation work properly. Given the right hon. Gentleman's response that the immigration and nationality directorate has improved, is it not his responsibility to ensure that it improves and that the current legislation works, rather than continually introducing new legislation?

Mr. Clarke: I accept that responsibility. Perhaps I should take the opportunity to make it clear that the comments about a case in Stockton, which the right hon. and learned Member for North-East Fife (Sir Menzies Campbell), the leader of the Liberal Democrats made during Prime Minister's questions, were not correct. The individual in that case is in prison, pending a decision whether to deport him. He is detained under immigration laws. The fact that the right hon. and learned Gentleman referred to the case is reasonable, but he gave wrong information about it, which I take the opportunity to put straight.

Mr. Mike Hall (Weaver Vale) (Lab): The matter is extremely serious. Will he reconsider the information that he is prepared to put before the House? I am still dealing with a case in which a British national was deported from Canada in 1992 and killed a constituent of mine in Liverpool in 1994. I should like to know the number of foreign nationals who were released from prison in the UK between 1979 and 1997, to put the whole matter into perspective.

Mr. Clarke: I am absolutely ready to do that. I will follow through my hon. Friend's suggestion and I thank him for his remarks. I have tried to prioritise the more recent and more serious cases, for reasons that he will understand. However, the implicit message of his comments—that a system was not in place and records were started only in 1999—is true. It is also true that the scale of the issue is greater now than it used to be, because there are more foreign nationals in prisons than was the case in the past, but the issues of principle remain. I will look at the precise figures, as he requested.

Sir Nicholas Winterton (Macclesfield) (Con): Does the Home Secretary accept that for democracy to work, there should be respect in this House and for Parliament, and that there should be trust and confidence in Government to do what they are there to do—not least, to guarantee the safety of the people of this country? Does he not feel that that has been undermined by this affair? Can he say what recompense will be available to those who have lost their lives, been raped or have otherwise suffered as a result of the incompetence of the Home Office in dealing with international offenders?

Mr. Clarke: The hon. Gentleman is a distinguished parliamentarian. Though there are failings in the Home Office, which we have reported and which are set out, it is important to say to him as a distinguished parliamentarian that the way that Parliament operates, with the Public Accounts Committee bringing Government to account for their conduct of affairs, as in the present case, is a credit to our parliamentary and public system. I am acutely aware, perhaps more than anybody in the House, that it is my job to try and ensure that confidence in the system is established in the way that he wants, and that is what I intend to do.

Several hon. Members *rose—*

Mr. Speaker: Order. No rule has been broken, but one of my duties is to try and gauge how long a statement should last. It will be helpful if hon. Members stand after the statement is made and do not wait until a substantial time afterwards. It is unfair.

Mr. Sadiq Khan (Tooting) (Lab): Does my right hon. Friend accept that one of the reasons for the problems is that sentences and recommendations made by judges five, 10, 15 or 20 years ago seem not to be at the forefront of people's mind when it comes to prisoners being released? What will he do to ensure that when prisoners are released in future, judges' recommendations made five, 10, 15 or 20 years ago are on their files and to the fore?

Mr. Clarke: My hon. Friend is right to describe the situation in that way. As he knows, the length of sentences has, on average, been increasing over the years because the attitude of courts towards some offences has changed. The issue is the one that he knows about and which I have sought to identify: the relationship between the prison service, IND and the courts, to ensure that all the information is in front of the decision-taker at the right time. That is what we are seeking to achieve, together with colleagues in the Department for Constitutional Affairs.

Sammy Wilson (East Antrim) (DUP): I note from the Home Secretary's statement that since August, 288 cases should have been considered, the most serious ones are currently being considered, 53 have been completed and there have been only 14 deportations. Is that due to the fact that the remaining 75 per cent. cannot be found, or are we deporting only 25 per cent. of the most serious cases? If that is so, should not the policy be called the non-deportation and non-removal of foreign nationals?

Mr. Clarke: The hon. Gentleman has not quite got it straight. The 288 cases, of which 83 have been started, 53 completed and 14 resulted in deportation, are not the most serious cases. They are the cases over a particular period, so there is no relationship with seriousness. The people in the 83 cases that I mentioned have all been identified and each case has been considered carefully in its own context. There are different reasons why deportation has not been the judgment. I cannot give details on particular cases, but the decision to deport or not depends on a number of factors, including the length of sentence and other such matters. That is why I am reviewing those aspects to report back to the House and to see whether a higher proportion could more appropriately be deported. With respect, there is confusion in the hon. Gentleman's question. These issues are not the most serious ones. They are the issues in the round.

Dr. Julian Lewis (New Forest, East) (Con): Will the Home Secretary answer the specific question put to him by my hon. Friend the Member for South Norfolk (Mr. Bacon): has he issued specific instructions to the governors of prisons that no foreign nationals will be released without a check first being carried out as to whether they have been recommended for deportation? If he has not issued such instructions, why has he not done so?

Mr. Clarke: The instruction has been issued that all such assessments should take place before the end of the sentence and release time. The effect is to achieve what the hon. Gentleman set out.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I am concerned about some of the foreign nationals who are from European Union countries, because of the lax border controls that we have with EU countries. Can the right hon. Gentleman give me a guarantee that if a foreign EU national commits a crime and is deported, they will never be allowed back into the United Kingdom?

Mr. Clarke: As the hon. Gentleman knows, I cannot give that commitment under EU law. What I can tell him, which may interest him, is that there are about

[Mr. Clarke]

1,000 more prisoners from other EU states in our prisons than there are UK citizens in EU prisons, if I may put it like that. That imbalance is correct. That is why we have argued in the EU, with the support of the current Austrian presidency, for a directive which provides that people should be returned to the EU country from which they come, for reasons of rehabilitation, as much as anything else. They are more likely to be able to stop reoffending in their own community. A number of countries in the EU support the change that we propose, as does the Austrian presidency. Some countries do not, for various reasons, but we are pressing for a directive that would have the effect of ensuring that EU prisoners were imprisoned in their country of origin, rather than in other places. That would have the side benefit of reducing some of the pressure on prison places in this country.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): I have constituents in Sheffield who will be worried about the situation. Will my right hon. Friend consider tabling new regulations that will assure my constituents that the measures necessary to tackle the situation are being taken?

Mr. Clarke: I am considering doing that to strengthen the system. Unfortunately, it is not only my hon. Friend's constituents who express their concern. I am acutely aware that it is my responsibility to ensure that everyone in the country can have confidence in the robustness of the system.

Mr. Paul Goodman (Wycombe) (Con): In today's Prime Minister's questions, we learned that the Prime Minister did not know a key fact when the Home Secretary offered to resign yesterday. The key fact is that 288 criminals were released after the Home Secretary became aware of the problem. Given that, how can the Home Secretary stay in post?

Mr. Clarke: The key fact is that between February 1999 and March 2006 1,000 people who should have been considered for deportation were not considered for deportation, and the issue concerns how that happened and how to put it right. That is the question that I have considered; that is the question that the Prime Minister and I discussed yesterday; and that is what I am determined to put right.

Gordon Banks (Ochil and South Perthshire) (Lab): Today, we have heard from both the Home Secretary and the Prime Minister about the increased resources that have been put into the Home Office. Will the Home Secretary tell the House whether he considers those resources to be adequate or whether even more resources will be placed at the disposal of the Home Office?

Mr. Clarke: The resources that we have allocated are adequate for that process at this time. If I reach a different view, I will allocate the appropriate resources, because the matter is such a high priority. It is true that both the immigration and nationality directorate and the Prison Service are always under pressure for resources, because they deal with some of the most difficult people in the country in a variety of different ways, which puts pressure on both staff and the individuals concerned. I do not think that resources were the fundamental point, although there were resources issues. The key issue concerned communication.

Mr. Julian Brazier (Canterbury) (Con): May I raise the case of Sungaradazzo Mudgyiwa, which I have raised with the Home Office in questions and correspondence? She is a lady from Zimbabwe who was sent to prison for four and a half years for conducting hundreds of thousands of pounds of fraud on the benefit system and the Post Office. Now that the Home Secretary has won his appeal on Zimbabweans being allowed to be deported under certain circumstances, will that multiple fraudster, whose son has just been issued with an antisocial behaviour order for terrorising the neighbourhood, be removed from the council house that she is currently occupying in Whitstable in my constituency, which is one of several that she has fraudulently obtained?

Mr. Clarke: As the hon. Gentleman has said, the Court of Appeal judgment on Zimbabwe went the Government's way. The matter has now been returned to the asylum and immigration tribunal for consideration, which will take place as quickly as possible, but I would be surprised if a decision were made in less than a couple of months, given the way in which legal processes work. Once we have clarified the situation, we can return to cases such as the one that the hon. Gentleman has mentioned to see whether deportation is justified. As an aside, I am delighted that the hon. Gentleman supports the proposition that it is reasonable to deport people to Zimbabwe in the current circumstances, because that view is not shared across the whole House.

Anne Main (St. Albans) (Con): Were the people who had committed serious sexual offences put on the sex offenders register before they were released, which is vital if we are to be confident that the register will help our local police forces? If they were not put on the register, what other categories of prisoner are also exempt from being put on it?

Mr. Clarke: I assure the hon. Lady that precisely the same procedures on the sex offenders register applied to the foreign nationals whom she has described as apply to anybody who commits a sex offence.

Richard Ottaway (Croydon, South) (Con): When the Home Secretary said on "Newsnight" last night that very few foreign nationals had been released since he became aware of the situation, was he aware that 288 had been?

Mr. Clarke: I was. That phrase has been taken up by the right hon. Member for Haltemprice and Howden (David Davis), the Leader of the Opposition and such distinguished interrogators as Mr. James Naughtie on the "Today" programme. Perhaps my use of language was infelicitous, but I was thinking of the thousands

who were successfully deported over that time and the large number of people whom we are looking at in the round.

Mr. Crispin Blunt (Reigate) (Con): When a judge makes a recommendation to the Home Secretary concerning deportation which is not acted on by the Home Office, does that not place the Home Secretary in contempt of court? Will the Home Secretary reflect on the rather novel doctrine of ministerial responsibility that he has advanced to the House that the bigger the shambles that he is presiding over, the more essential it is that he remains in office?

Mr. Clarke: I do not believe that I am in contempt of court. As the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) will confirm, Home Secretaries often risk being in contempt of court and many judgments are made about the Home Secretary of the day, but I do not think that I am in contempt of court in this case.

James Duddridge (Rochford and Southend, East) (Con): Why did the Home Secretary offer to resign?

Mr. Clarke: I have given the reason a number of times. I do not know whether the hon. Gentleman was present earlier.

James Duddridge *indicated assent.*

Mr. Clarke: In that case, may I courteously suggest through you, Mr. Speaker, that he opens his ears?

Mr. Ben Wallace (Lancaster and Wyre) (Con): Given that it is 24 hours since the Home Secretary personally took charge of the issue, if any more cases come to light or if any overseas offenders are released without being considered for deportation, will he then resign?

Mr. Clarke: As I have said, I have taken responsibility for the matter not for 24 hours, but for the whole time that I have been Home Secretary. The issue involves getting it right, which is what I intend to do.

Gregory Barker (Bexhill and Battle) (Con): Did the Home Secretary offer his resignation to the Prime Minister before the Prime Minister was in possession of the full facts? If that was the case, does he not think it fair for him to repeat his offer to the Prime Minister?

Mr. Clarke: I have dealt with that matter as fully as I intend to.

David T.C. Davies (Monmouth) (Con): Will the Home Secretary tell us how many times in total he has offered his resignation to the Prime Minister? Is it once? Is it twice? And will it be a case of third time lucky for the public?

Mr. Clarke: No.

Points of Order

1.25 pm

Mr. Peter Bone (Wellingborough) (Con): On a point of order, Mr. Speaker, the Prime Minister has just confirmed that the Government have failed in their guarantee that no one waits more than six months for an NHS operation. Last night, however, the Under-Secretary of State for Health, the hon. Member for Birmingham, Hodge Hill (Mr. Byrne), claimed at *Hansard* column 549 that the number of people waiting more than six months for an NHS operation is "zero". Having written to Health Ministers, asked parliamentary questions and secured a Westminster Hall debate, what further action can I take to ensure that Ministers make factually correct statements to this House?

Mr. Speaker: Back Benchers must persevere and keep annoying Ministers at all times. Since becoming Speaker I have missed the Tea Room, where senior Members can provide good advice on how to make things awkward for Ministers. The hon. Gentleman is engaged in an apprenticeship, and he should speak to some of the journeymen and women.

Greg Clark (Tunbridge Wells) (Con): On a point of order, earlier this year I tabled a parliamentary question asking the Deputy Prime Minister what assessment his Department had made of trends in the loss of privately owned green space as a result of new residential development. On 11 January at *Hansard* column 691, the Minister replied that there is no information on any loss of privately owned green space. However, for the purposes of an article in *The Daily Telegraph* at the weekend on the same subject, an ODPM spokesman was able to provide such an estimate. Will you confirm that the Government should not provide less information in response to parliamentary questions than is provided to members of the press? Perhaps you will urge Ministers to provide hon. Members with the basis for the estimate that was given to *The Daily Telegraph*.

Mr. Speaker: The hon. Gentleman will recall that I ruled yesterday that answers to parliamentary questions are more important than any briefing to the press. I have made that ruling, so perhaps he should table more questions on the same subject and see whether he gets more precise answers. If not, I am sure that he will report the matter to me.

Independent School Closures (Provision for Pupils)

1.28 pm

Norman Baker (Lewes) (LD): I beg to move,

That leave be given to bring in a Bill to establish a fund to facilitate the uninterrupted education of pupils in independent schools facing closure; to require independent schools to make contributions to such a fund; to place a duty on independent schools to make plans relating to the welfare of their pupils in the event of their going into administration; and for connected purposes.

You and others may have seen the stories in the newspapers, Mr. Speaker, and understand why I have introduced the Bill. The event that triggered the Bill was the sudden closure—literally overnight—of Newlands school in my constituency, which had been there for 150 years. On 3 April, the governors issued a press release stating that the school would close that day. That meant that 450 pupils, many of whom face exams very shortly, were out of a school and 200 hundred staff were suddenly out of a job. Some of the pupils were not even at the school but in Sri Lanka. It is a boarding establishment, so some pupils did not even know where they were going to sleep. It is intolerable that that situation could arise and unbelievable that there was no safety net for children whose education is important to them. A private school is not a fish and chip shop, and it demands better protection for those who use it. It is an independent educational establishment, and a private business in that sense, but it is delivering an essential service to those children who use it, and it is important that we have safeguards to protect the education of young people in such circumstances.

The Bill would have helped in that situation and would help on other occasions when such closures take place. They are happily few in number. I am told by the Independent Schools Council that there are probably five or six a year among the schools within its remit, but perhaps rather more among those that are not registered with it. However, one school is too many if one is a pupil whose education has been adversely affected.

The reasons for the closure of the school are many. Its financial management was not as good as it had been and its bank was not as helpful as it might have been. When it became apparent that the school would have to go into liquidation, it reached an agreement with the private company, Cognita—Chris Woodhead's company—for a transfer of the assets so that it could continue. However, the landlords refused to reassign the lease. My Bill would have enabled the school to carry on or, if necessary, to close down in good order at the end of the summer term after the exams were out of the way. I offered to act as an intermediary within the 24 hours that we had before the school finally closed. I am sorry to say that the landlords would not speak to me. I subsequently had a threatening call from their lawyer—a rather unpleasant man called Julian Golding, who threatened to report me to the parliamentary ombudsman. I was just doing my job, and that was not a responsible or helpful attitude from the owners of the school.

It then turned out, following some very good reporting by *The Times*, that three years previously, the family who owned the school land had signed a deal with a property developer aimed at pushing the school out and using the site for the development of houses worth between £2 million and £3 million. Neither staff nor parents had any knowledge of the agreement signed with the developers, Allum Estates, in 2003. It is appalling that the education of children should be made secondary to the quick profit to be made from the development of land for housing purposes.

The school's announcement that it was going into liquidation had several consequences. Parents, many of whom were abroad, were telephoned at 4 o'clock the day before to be told that, as of tomorrow, the school was not functioning and asked to arrange for their children to be collected as best they could. Children who had exams coming up had nowhere to go to take those exams. Other independent schools in the area that offered to help were besieged with applications and suddenly had big increases in their rolls. There was tremendous pressure on the state sector in the shape of East Sussex county council, which had to find places for a large number of children who were suddenly on its doorstep. None of that was good planning and none of it was satisfactory for the children concerned.

The site was left vacant, without any management or security. The swimming pool was broken into and drunk teenagers were found swimming in it. Furniture was tipped into the pond. The door to the design and technology unit, which was filled with saws, drills and other implements, was forced down and damaged. Anarchy had broken out.

There is a happy ending at this particular school. The pupils felt very strongly about the situation, and gave me a petition with hundreds of signatures. I commend them for their efforts in that regard. Two parents have come forward with more than £2 million to try to help the school to keep going on alternative premises. Nevertheless, at the very least the pupils have had their education disrupted; at worst, some of them might have been in a position whereby they could not take exams for which they have studied hard over a long period of time.

The Independent Schools Council recognises that there is a problem. It would prefer a solution involving a voluntary arrangement between independent schools rather than the Government intervening directly. I have no view on that—if they can sort themselves out, that is fine by me. For the time being, the reality is that there are only ad hoc arrangements that depended on the good will of independent schools nearby and the good performance of East Sussex county council in picking up the problems. Such a situation cannot be allowed to happen again. We need a safety net to ensure that, in the event of a school going into liquidation, something can be done to help—at the very least, by closing it in good order.

If an airline passenger is left stranded abroad because the airline has gone bust, they are flown home by another airline, because the airlines have constructed a mechanism where that can happen. I am asking for something similar in the independent schools sector to ensure that the 450 children at this school and other children who attend independent schools are properly cared for and that such a situation cannot arise again.

Question put and agreed to.

Bill ordered to be brought in by Norman Baker, Mr. Phil Willis, Tim Loughton, Charles Hendry, Michael Jabez Foster, David Lepper and Mr. Nigel Waterson.

INDEPENDENT SCHOOL CLOSURES (PROVISION FOR PUPILS)

Norman Baker accordingly presented a Bill to establish a fund to facilitate the uninterrupted education of pupils in independent schools facing closure; to require independent schools to make contributions to such a fund; to place a duty on independent schools to make plans relating to the welfare of their pupils in the event of their going into administration; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 14 July, and to be printed [Bill 174].

ADJOURNMENT (MAY)

Motion made, and Question put forthwith, pursuant to Standing Order No. 25,

That this House, at its rising on Thursday 27th April 2006, to adjourn till Tuesday 2nd May 2006.—*[Mr. Alan Campbell.]*

Question agreed to.

Northern Ireland Bill (Allocation of Time)

1.37 pm

The Secretary of State for Northern Ireland (Mr. Peter Hain): I beg to move,

That the following provisions shall apply to the proceedings on the Northern Ireland Bill—

Timetable

1.—(1) Proceedings on Second Reading shall be completed at this day's sitting and shall be brought to a conclusion, if not previously concluded, at the moment of interruption.

(2) Proceedings in Committee, on consideration and on Third Reading shall be completed in one day and shall be brought to a conclusion, if not previously concluded, at the moment of interruption on that day.

Timing of proceedings and Questions to be put

2.—(1) When the Bill has been read a second time it shall, notwithstanding Standing Order No. 63 (Committal of Bills), stand committed to a Committee of the whole House without any Question being put.

(2) When the Order of the Day is read for the House to resolve itself into Committee on the Bill, the Speaker shall leave the Chair whether or not notice of an Instruction has been given.

3. On the conclusion of proceedings in Committee the Chairman shall report the Bill to the House without putting any Question and, if the Bill is reported with amendments, the House shall proceed to consider the Bill as amended without any Question being put.

4. For the purpose of bringing any proceedings to a conclusion in accordance with paragraph 1 the Speaker or Chairman shall forthwith put the following Questions (but no others)—

(a) any Question already proposed from the Chair;

(b) any Question necessary to bring to a decision a Question so proposed;

(c) the Question on any amendment moved or Motion made by a Minister of the Crown;

(d) any other Question necessary for the disposal of the business to be concluded.

5. On a Motion so made for a new Clause or a new Schedule, the Chairman or Speaker shall put only the Question that the Clause or Schedule be added to the Bill.

Consideration of Lords Amendments

6.—(1) Any Lords Amendments to the Bill shall be considered forthwith without any Question being put.

(2) Proceedings on consideration of Lords Amendments shall be brought to a conclusion, if not previously concluded, one hour after their commencement.

7.—(1) This paragraph applies for the purpose of bringing any proceedings to a conclusion in accordance with paragraph 6.

(2) The Speaker shall first put forthwith any Question already proposed from the Chair and not yet decided.

(3) If that Question is for the amendment of a Lords Amendment the Speaker shall then put forthwith—

(a) a single Question on any further Amendments to the Lords Amendment moved by a Minister of the Crown, and

(b) the Question on any Motion made by a Minister of the Crown, That this House agrees or disagrees to the Lords Amendment or (as the case may be) to the Lords Amendment as amended.

(4) The Speaker shall then put forthwith—

(a) a single Question on any Amendments moved by a Minister of the Crown to a Lords Amendment, and

(b) the Question on any Motion made by a Minister of the Crown, That this House agrees or disagrees to the Lords Amendment or (as the case may be) to the Lords Amendment as amended.

[Mr. Peter Hain]

(5) The Speaker shall then put forthwith the Question on any Motion made by a Minister of the Crown, That this House disagrees to a Lords Amendment.

(6) The Speaker shall then put forthwith the Question, That this House agrees to all the remaining Lords Amendments.

(7) As soon as the House has agreed or disagreed to a Lords Amendment, or disposed of an Amendment relevant to a Lords Amendment which has been disagreed to, the Speaker shall put forthwith a single Question on any Amendments moved by a Minister of the Crown and relevant to the Lords Amendment.

Subsequent stages

8.—(1) Any further Message from the Lords on the Bill shall be considered forthwith without any Question being put.

(2) Proceedings on any further Message from the Lords shall, if not previously concluded, be brought to a conclusion one hour after their commencement.

9.—(1) This paragraph applies for the purpose of bringing any proceedings to a conclusion in accordance with paragraph 8.

(2) The Speaker shall first put forthwith any Question which has already been proposed from the Chair and not yet decided.

(3) The Speaker shall then put forthwith the Question on any Motion made by a Minister of the Crown which is related to the Question already proposed from the Chair.

(4) The Speaker shall then put forthwith the Question on any Motion made by a Minister of the Crown on or relevant to any of the remaining items in the Lords Message.

(5) The Speaker shall then put forthwith the Question, That this House agrees with the Lords in all the remaining Lords Proposals.

Reasons Committee

10.—(1) The Speaker shall put forthwith the Question on any Motion made by a Minister of the Crown for the appointment, nomination and quorum of a Committee to draw up Reasons in relation to the Bill and the appointment of its Chairman.

(2) A Committee appointed to draw up Reasons shall report before the conclusion of the sitting at which it is appointed.

(3) Proceedings in the Committee shall, if not previously brought to a conclusion, be brought to a conclusion 30 minutes after their commencement.

(4) For the purpose of bringing any proceedings to a conclusion in accordance with sub-paragraph (3) the Chairman shall—

(a) first put forthwith any Question which has been proposed from the Chair but not yet decided, and

(b) then put forthwith successively Questions on motions which may be made by a Minister of the Crown for assigning a Reason for disagreeing with the Lords in any of their Amendments.

(5) The proceedings of the Committee shall be reported without any further Question being put.

Miscellaneous

11. Paragraph (1) of Standing Order No. 15 (Exempted business) shall apply in so far as necessary for the purposes of this Order.

12. The proceedings on any Motion made by a Minister of the Crown for varying or supplementing the provisions of this Order shall, if not previously concluded, be brought to a conclusion one hour after their commencement and paragraph (1) of Standing Order No. 15 shall apply to those proceedings.

13. Standing Order No. 82 (Business Committee) shall not apply in relation to any proceedings to which this Order applies.

14. No Motion shall be made, except by a Minister of the Crown, to alter the order in which any proceedings on the Bill are taken or to re-commit the Bill; and the Question on any such Motion shall be put forthwith.

15. No dilatory Motion shall be made in relation to proceedings to which this Order applies except by a Minister of the Crown; and the Question on any such Motion shall be put forthwith.

16.—(1) This paragraph applies if—

(a) a Motion for the Adjournment of the House under Standing Order No. 24 (Adjournment on specific and important matter that should have urgent consideration) has been stood over to Seven o'clock, Four o'clock or Three o'clock (as the case may be), but

(b) proceedings to which this Order applies have begun before then.

(2) Proceedings on that Motion shall stand postponed until the conclusion of those proceedings.

17. If a day on which the Bill has been set down to be taken as an Order of the Day is one to which a Motion for the Adjournment of the House under Standing Order No. 24 stands over from an earlier day, the bringing to a conclusion of any proceedings on the Bill which, in accordance with this Order, are to be brought to a conclusion on that day shall be postponed for a period equal to the duration of the proceedings on that Motion.

18. If the House is adjourned, or the sitting is suspended, before the conclusion of any proceedings to which this Order applies, no notice shall be required of a Motion made at the next sitting by a Minister of the Crown for varying or supplementing the provisions of this Order.

19. Proceedings to which this Order applies shall not be interrupted under any Standing Order relating to the sittings of the House.

The programme motion is based on discussions through the usual channels and reflects the urgent nature of the Bill. The House will already be aware that our plan is that the Assembly should be up and running by 15 May. For reasons that the Prime Minister set out in his joint statement with the Taoiseach at Armagh on 6 April and which I shall expand on later, we believe it is crucial that real momentum is now given to the pursuit of devolution in Northern Ireland. The 15 May date would give Assembly Members six weeks to elect a First Minister and Deputy First Minister and to make the necessary ministerial nominations before the beginning of July, when the Assembly traditionally begins its summer recess. It is for that reason that the Bill needs to be given swift passage through this House.

Although the purposes the Bill serves are vital, it is a modest production. It contains six clauses, only two of which are substantive, and three schedules. Most of its provisions change the law only temporarily. The Assembly will operate in the new manner set out in the Bill by no later than 24 November. After that, the arrangements in the present law will be revived—whether that is full devolution, as provided for in the Northern Ireland Act 1998, or the continued suspension of devolution under the Northern Ireland Act 2000.

I believe that the two days allotted under the programme motion is a substantial allowance of the time of the House for the discussion of such a Bill.

Question agreed to.

Northern Ireland Bill

Order for Second Reading read.

1.39 pm

The Secretary of State for Northern Ireland (Mr. Peter Hain): I beg to move, That the Bill be now read a Second time.

The measure prepares the way for the restoration of devolved Government in Northern Ireland. On 15 May, the Assembly will meet for the first time for nearly four years. The Bill sets in statute 24 November as the date by which we must be able to restore devolution. That is the date by which the political parties in Northern Ireland must take responsibility for the Government of Northern Ireland, as they have been mandated to do.

Rev. Ian Paisley (North Antrim) (DUP): Will the Secretary of State make it clear that the Assembly to which he refers is not "the" Assembly?

Mr. Hain: Indeed. The Assembly that the Bill defines is not the Assembly as defined under the Northern Ireland Act 1998. The right hon. Gentleman is right to clarify that.

The twenty-fourth of November represents not a threat but great promise—a promise that the Belfast agreement holds out. The patience of all those who want locally accountable Government in Northern Ireland should be tested no longer. Successive British and Irish Governments, with the warm support of US Administrations, have been working with the parties to bring peace and stability to Northern Ireland. The truth is that there is little more we can do. The parties in Northern Ireland must now take ownership of the process and see it through.

The twenty-fourth of November can, therefore, be a beginning or an end. The leadership of the parties have to decide which it is to be. As ever, the biggest obstacle to progress is the mutual lack of trust in the process. Unionists need to know that the republicans, with whom they are being asked to share power, have turned away from paramilitary activity and that they will not accept, tacitly or otherwise, criminal activity, whatever its source. They also need to know, before criminal justice and policing powers are devolved, that support for the criminal justice system and the Police Service of Northern Ireland is absolutely unequivocal. That is not too much to ask.

For their part, republicans and nationalists need to know that Unionists are serious about sharing power on a fair and equitable basis and not simply paying lip service to the theory while always finding reasons to avoid the practice. That is not too much to ask.

Sir Patrick Cormack (South Staffordshire) (Con): The Secretary of State has, for understandable reasons, played around with dates a lot recently. However, he is not telling the House that, were the parties in sight of an agreement on 24 November, he would bring down the guillotine, is he? Presumably we are considering not a final and ultimate but a flexible date.

Mr. Hain: I am afraid that I cannot reassure the hon. Gentleman about that. The Bill sets the date in statute. As I said earlier, the Government will not blink. If eleventh-hour attempts are made on 24 November to force us to blink, people will be disappointed.

Mr. Nigel Dodds (Belfast, North) (DUP): Further to the point that my right hon. Friend the Member for North Antrim (Rev. Ian Paisley) made when he sought clarification of the nature of the Assembly that will be set up under the Bill, will the Secretary of State confirm that, on 25 November, the Northern Ireland Assembly that was established under the 1998 Act will continue to exist?

Mr. Hain: The Northern Ireland Assembly as set up under the 1998 Act remains in suspension. Once the date has passed, if there were the prospect of restoration again—I know that the hon. Gentleman is actively involved in trying to promote a process that could be successfully concluded—there will be no attempt to prolong the life of the Assembly for which the Bill provides beyond 24 November. He knows that any attempt to seek restoration later—for example, in a year or two after 24 November—would be done under the 1998 Act arrangements. We would move straight to selecting a First Minister and Deputy First Minister and run d'Hondt to select an Executive. If that failed after six weeks, an election would be called.

Lembit Öpik (Montgomeryshire) (LD): I was grateful to the Secretary of State for his response in Northern Ireland questions about deadlines. Will he assure us that they are genuinely not flexible? I ask that because, as he knows, my great anxiety is that the Government's credibility has been somewhat tarnished by allowing deadlines to be flexible and, indeed, by occasionally ignoring them. If he wants the Bill to work, he must impress on everybody that the deadlines are not negotiable.

Mr. Hain: I have already done that but I am happy to accept the hon. Gentleman's invitation to emphasise and underline as much as necessary—in flashing neon lights, if he wishes and if that is not a mixed metaphor—that the deadline is for real. The salaries and allowances will stop at midnight on 24 November. The Assembly will no longer sit, which it will be entitled to do after 15 May, and that will be that. I do not want that and, as I shall explain, there will be serious consequences if the parties do not act maturely and take their responsibilities to reflect the mandate and the job that they were elected to do. If they do not take that seriously, the consequences will be serious, but that will be their decision, not mine.

The 10th report of the Independent Monitoring Commission was published today. I want to remind the House that the IMC has previously stated unequivocally that the IRA no longer represents a terrorist threat. That is clear, unambiguous and, in the context of all that has gone before, historic. That followed the IRA statement of July 2005 and the act of decommissioning later that year in September. Two of the demands, not only of Unionists, were that Sinn Fein should say that the war was over and that the IRA should decommission its arsenal of weapons. Both have now been done.

[Mr. Hain]

The report states:

"It remains our absolutely clear view that the PIRA leadership has committed itself to following a peaceful path. It is working to bring the whole organisation fully along with it and has expended considerable effort to refocus the movement in support of its objective. In the last three months this process has involved the further dismantling of PIRA as a military structure."

The IMC also states:

"We are not aware of current terrorist, paramilitary or violent activity sanctioned by the leadership. We have no indications in the last three months of training, engineering activity, recent recruitment or targeting for the purposes of attack".

Dr. William McCrea (South Antrim) (DUP): The IMC report states that

"some members, including some senior ones . . . are still involved in crime, including offences such as fuel laundering, money laundering, extortion, tax evasion and smuggling."

How can it be suggested that that is distinct from the IRA organisation when one of those persons happens to be the IRA chief of staff?

Mr. Hain: Because I rely on what the IMC says. I am sure that the hon. Gentleman will want to study what it said about the matter. Any illegal activity, including smuggling across the border to a specific farm and in other areas, is being clamped down upon, as he knows. I know that he will enthusiastically support the Assets Recovery Agency and the police service on both sides of the border.

Let me remind the hon. Gentleman of what the IMC said. The report states:

"We have found signs that PIRA continues to seek to stop criminal activity by its members and to prevent them from engaging in it. We believe that some senior PIRA members may be playing a key role in this".

Gordon Banks (Ochil and South Perthshire) (Lab): Will my right hon. Friend give way?

Mr. Hain: Let me finish the point and then I shall gladly give way.

Paragraph 2.14 is important to answering the fair question that the hon. Member for South Antrim (Dr. McCrea) asked. It states:

"We recognise, as we did when we reported three months ago, that the leadership is engaged in a challenging task in ensuring full compliance with this strategy. The response of members will naturally enough be influenced by the surrounding political circumstances as well as by long-held personal views. It is to be expected that there may be instances where members or associates do not always follow the leadership's line".

The report says that, of course, there may be individual republicans, who still call themselves republicans and perhaps attach themselves to the name "Provisional IRA", who are engaged in illegal activity. However, that is outwith the organisation and without the sanction and approval of the leadership and certainly without its prior knowledge. That is completely different from the position in the past, when the IRA was organised from the centre and from the top. It was not only a violent terrorist organisation but it undertook, conducted and organised criminal activity to raise funds to finance that violence and terrorism. The difference now is that it is not a question whether individual republicans have come into full compliance or not. Given the culture that has existed for too long in Northern Ireland, it would be difficult to imagine that everybody would behave absolutely perfectly, as a very interesting passage in the IMC report acknowledges. The crucial point is that the organisation's leadership is delivering on what it promised and the hon. Gentleman should welcome that, because it is indeed historic.

Dr. McCrea: The IMC report refers to "some senior members" of the IRA. We are not talking about the ordinary members. If even the chief of staff is involved in the criminality, how can we be expected to believe that the organisation is not involved?

Mr. Hain: I can only take the IMC's word for this. The independent report makes it absolutely clear that the leadership of the IRA is determined to stop any illegal activity by any of its members, however low or high level they may have been in the past—

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): Will the Secretary of State give way?

Mr. Hain: I am answering the question put by the hon. Member for South Antrim (Dr. McCrea), but after that, of course, I will give way. However, I will give way to my hon. Friend the Member for Ochil and South Perthshire (Gordon Banks) first.

At some point, all Members of this House, including members of the Democratic Unionist party, will have to recognise that something momentous has happened, in the past year in particular. An organisation that was committed to bombing and shooting, and to the criminal activity that financed that, has now stopped doing those things. Its leadership has decided that the organisation will not get involved in anything like that again. But do not take my word for it; take the IMC's word for it.

Gordon Banks: Does my right hon. Friend agree that the IMC report published today throws down a significant challenge to the loyalist paramilitaries, who appear to have been unsuccessful in reducing their illegal activities, including shootings? Does he accept the IMC's comments that the loyalist organisations were responsible for 95 per cent. of the casualties of shootings and 76 per cent. of the casualties of assaults during the period examined in the report, and that this matter must be addressed before the process can significantly move forward?

Mr. Hain: I very much agree with my hon. Friend's point. It is important to note from the IMC report that the main problem is that the illegal activity no longer comes from the IRA, as it did for decades—often of a kind organised from the centre of the organisation—but that it comes from loyalist paramilitaries and from dissident republicans in the Continuity IRA and the Real IRA. That is a sea change and I think that people on all sides of the House ought to be prepared to acknowledge that and move on.

Sir Patrick Cormack: I accept the point that the Secretary of State has just made. Of course there has been an enormous change, but very real problems

remain. If an organisation truly repudiates people for what they are doing, would not its logical course of action be to expel them? Would not Sinn Fein and the IRA gain enormous credit and credibility if they expelled those who were disobeying their orders?

Mr. Hain: The hon. Gentleman makes a fair point and I am not going to argue with him about that. However, I am sure that he will understand the point that I am making, and the spirit in which I am making it. I would like from him and from others an acknowledgement that there has been a sea change.

Sir Patrick Cormack: I have acknowledged that point. There has been a remarkable change, but there is still comprehensive evidence—including in today's report—of the involvement of senior figures in criminality. My point is that those senior figures should be repudiated by expulsion, which would give real credibility to those who are claiming to be democrats.

Mr. Hain: As I have said, I am not going to argue that point with the hon. Gentleman. At Question Time, I referred to the statement by the IRA, which is historic in itself. In the past, the IRA never acknowledged that illegal activities such as bank robberies amounted to criminality, because it never recognised the ability of the rule of law of the British state to restrict it from doing what it liked in Northern Ireland. I think that the hon. Gentleman will understand that; I know that Northern Ireland politicians will. Now, it has made a statement that is, in its own way, historic, and I think that the House should note it. The Easter statement by the IRA states:

"The IRA has no responsibility for the tiny number of former republicans"—

who may or may not have been expelled; I do not know—

"who have embraced criminal activity. They do so for self-gain. We repudiate this activity and denounce those involved."

That kind of statement has never been made by the IRA before, and I think that it ought to be acknowledged.

Mr. Donaldson: The Secretary of State will understand the concern on this side of the House. Of course we recognise that there has been significant progress, but the chief of staff of the Provisional IRA, whose assets were recently seized by the Assets Recovery Agency, the Police Service of Northern Ireland, the Garda and the Criminal Assets Bureau, is still in position at the head of the organisation. It is difficult to separate the organisation from the individual in such circumstances. That undermines the credibility of the Secretary of State's statement that the leadership is trying to bring this problem to an end.

Mr. Hain: I say in all humility to the hon. Gentleman that he is taking issue with the IMC, not with me. The IMC is the body that is distinguishing between what the leadership is doing, with a great deal of success, to close down criminal operations and end violent activity, and what individuals associated with the organisation—or who even hold positions within it—are still doing. The IMC says that the leadership has now clearly set out on a path for which it ought to be given credit, and that it is delivering on that commitment.

Rev. Ian Paisley: Mr. Adams did not condemn the man who has been mentioned here. He said that he was a decent farmer, that he was a most hard-working man, and that all the money that he had gained had come from the proper labour of his own hands. That is the testimony of Mr. Adams. How can we say that a man such as that is now to be held up to the general public as proof positive that the IRA has made all the necessary changes? There have been changes, and it was admitted today that many were made because of the pressure brought to bear by the Unionist population. I welcome that statement, but we must be honest with our people. I know a family who live on the border, and they have suffered terribly at the hands of this man. They have been taken out, had bags put over their heads and kept in the back of a van for six hours. That sort of thing ought not to happen.

Mr. Hain: Of course I agree with the right hon. Gentleman that that sort of thing ought not to happen. It is difficult for me to comment in detail on this case because it is the subject of legal action, and of action by the police, the security forces and the Assets Recovery Agency. The agency has shown a determination to recover assets that have been illegally acquired by paramilitary organisations and individuals, and those efforts will continue, whether on farms across the border or anywhere else. However, I note that the president of Sinn Fein, Gerry Adams, has condemned all illegal and criminal activity by all republicans, as has his deputy, Martin McGuinness. That ought to go on to the record as well.

David Simpson (Upper Bann) (DUP): Is it not a well-known fact in Northern Ireland that the Provisional IRA controls all the republicans' activity? In many cases at the moment, the Provisional IRA is contracting a lot of the work out. We have seen what has happened with the Continuity IRA. I have raised the question of this activity with the Under-Secretary of State for Northern Ireland, the hon. Member for St. Helens, South (Mr. Woodward) in the House on several occasions. According to recent press releases, the Continuity IRA now intends to increase its bombing campaign against the Government and the politicians.

Mr. Hain: Yes, but the hon. Gentleman knows that the Continuity IRA is a split-off from the Provisional IRA—

David Simpson *indicated dissent.*

Mr. Hain: I am sorry that the hon. Gentleman disputes that, because I believe that the facts speak for themselves. Indeed, the IMC has repeatedly distinguished the Continuity IRA and the Real IRA as separate factions operating on their own, against the wishes of the leadership of the Provisional IRA and the leadership of Sinn Fein. Yes, CIRA and RIRA are dangerous outfits, and we will crack down on them. Indeed, we have been very successful in doing so, but there are no guarantees in this regard. Again, I say to him and his colleagues—I am sure that he will take this in good spirit—that there will come a time when DUP Members, having stood firm and having seen results flow from that, will have to acknowledge the massive changes that have occurred—*[Interruption.]* Well, I think that they will have to acknowledge that.

Mr. Peter Robinson (Belfast, East) (DUP): There is no DUP Member who does not recognise the progress that has been made. As my right hon. Friend the Member for North Antrim (Rev. Ian Paisley) said during Northern Ireland questions, far from denying that progress has been made, we are saying that DUP strategy—the zero tolerance policy—has produced that change. If progress is being made as a result of that strategy, does not it automatically follow that we should maintain that strategy, so that all the grey areas and loose ends are dealt with?

Mr. Hain: The hon. Gentleman has acknowledged that, as the right hon. Member for North Antrim (Rev. Ian Paisley) made clear earlier today, there has been a substantial change. We are light years away from where we were at the time of the troubles, and I see that he nods in agreement. There will have to be an assessment, which he and his party are entitled to make, as to whether adopting the current stance will end that by encouraging all republicans to commit themselves to democratic and peaceful politics—that involves dialogue, building trust and, ultimately, sharing power—or whether Unionists will continue to say that they are not willing to co-operate. That is the choice facing all Northern Ireland's politicians.

Mr. Tobias Ellwood (Bournemouth, East) (Con): I served in Northern Ireland and was aware of the progress made in bringing the IRA to the table and making it realise that putting down its arms and talking about issues was the way forward. My concern then as now, as expressed by other parties, is that the nasty work is being outsourced to other splinter organisations, which is undermining everything that we are trying to achieve. What is the IRA doing to stop those splinter groups carrying out their activities? As long as they carry out such activities, everything that this House and everyone in Northern Ireland is trying to achieve is undermined.

Mr. Hain: The IMC report published today shows—I hope that the hon. Gentleman will read all of it if he has not had a chance to do so—that if the Provisional IRA has dismantled its military structure and capability to act violently, one of the consequences is that its capability to sort out CIRA and RIRA, as he seems to be inviting it to do, disappears, if it is not completely or partially diminished. The people who should sort out CIRA and RIRA—we are doing this—are the security forces, the police, the Security Service and, where appropriate, the Army, as happened recently in Lurgan. That is the course on which we are embarked.

Gordon Banks: How damaging does the Secretary of State feel that the statement by the Ulster Volunteer Force that it does not intend to do anything constructive up to 24 November is to the plans to restore devolved power? Will he ask all members of Northern Ireland political parties who are able to influence the decision to take a constructive role in doing so?

Mr. Hain: My hon. Friend makes a good point; that the UVF, Ulster Defence Association and loyalist paramilitaries generally are still engaged in activity that is completely wrong and is effectively gangsterism. No real political objective can be easily attached to them any more, whatever honourable motivations they might have had a long time ago. There is no longer any political case or ideological argument behind their paramilitary and criminal activity, and it must stop.

Mr. Peter Robinson: Part of the UVF's reasoning for its delaying statement was the threat implied, if not explicitly, in paragraph 10 of the joint statement by the Prime Minister of the Republic of Ireland and Her Majesty's Government. The Secretary of State has clearly failed thus far to convince the Unionist community that what that paragraph meant was not joint management and joint authority. Would he like to make another try today?

Mr. Hain: I am happy to repeat what I think that I said last week in my statement. There is no question of joint authority or joint management of Northern Ireland's affairs involving Dublin. There was some overexcited spin around that statement, which did not come from Belfast, this Government or No. 10 Downing street. I will leave the matter of where it came from to the hon. Gentleman's imagination.

Mark Durkan (Foyle) (SDLP): Perhaps in a slip of the tongue, the Secretary of State referred to "whatever honourable motivations" loyalist paramilitaries might have had in the past. May I make it clear to him that there were no honourable motivations for the UVF or UDA in the past? We never bought the line that was being retailed that their actions were purely reactive to republican violence. His comments were reminiscent of the Northern Ireland Office's failure for a long time to outlaw the UDA. Given that the IMC report today highlighted that loyalist paramilitary groups are active, violent and up to their necks in crime, and that we know that they have not decommissioned anything and now feel free to say that decommissioning is off their agenda, what clear message are the Government sending to loyalist paramilitaries?

Mr. Hain: The message is crystal clear; that they should close down their paramilitary activity and gangsterism and stop their criminality now, and not before time. The point I was trying to make—I will not be drawn further down this route—was that the people who join paramilitary groups claim to be doing so for honourable objectives, whether one agreed with them or not. Their methods were completely unacceptable, but at least they claimed a political motivation; that was my point. There is no longer any political motivation for any of that activity from loyalists or dissident republicans.

I need to make some progress, or there will be even less time for other Members to make contributions. Following the publication of the eighth report of the IMC, much was made of the suggestion that not all weapons and ammunition had been handed over for decommissioning in September 2005. In that report, the IMC did not say that the PIRA leadership had in any way given instructions to retain arms. Today, the IMC says:

> "Indeed our present assessment is that such arms as were reported to us as having been retained, were withheld under local control despite the instructions of the leadership".

The IMC continued:

"The relevant points are that the amount of un-surrendered material was not significant in comparison to what was decommissioned and that these reports do not cast doubt on the declared intention of the PIRA leadership to eschew terrorism and to follow the political path".

Much was also made of references to intelligence gathering in the eighth report, about which the hon. Member for Montgomeryshire (Lembit Öpik) was especially concerned. The 10th report says:

"While PIRA continues to receive information from members and sympathisers, we do not know of information being proactively sought. We are currently not aware of intelligence-related activity which is outside the aims of the July statement".

On criminality, the IMC report says that it has found signs that PIRA continues to seek to stop criminal activity by its members and to prevent them from engaging it. It continues:

"We believe that some senior PIRA members may be playing a key role in this".

Lembit Öpik: The Secretary of State is right that I am interested in the finding regarding intelligence. For clarification, does he interpret that as meaning that the Provisional IRA has closed down its strategic intelligence-gathering procedures, in the sense that it used to gather intelligence to perpetrate politically motivated terrorist crimes?

Mr. Hain: That is exactly my interpretation of what the IMC says. In relation to the statement that any information that the organisation receives is not outside the terms of the July statement, I can only conclude that it is the kind of political information that all political parties like to receive on our opponents, and that it is not for any other purpose. Again, we have seen a major change. About a year ago, it was reported that the IRA was still gathering intelligence, even though it had stopped targeting and had no apparent intent to commit any paramilitary actions. Now we know that the intelligence activity that may or may not be going on in terms of the receipt of information is, presumably, entirely political, and is certainly not directed towards supporting any violent, paramilitary or illegal action.

The IMC report welcomes Gerry Adams's comments in which he supported the pursuit of criminal assets—this is important, given the questions that I was asked earlier—and said that anybody involved in criminality should face the full rigours of the law. That was very welcome indeed. Since the report was compiled, the IRA has reiterated that position in its Easter message. The IMC draws the distinction between what members or former members of an organisation may do as individuals and what has been authorised, sanctioned or approved by the organisation itself, a distinction acknowledged by the hon. Member for Belfast, East (Mr. Robinson) in his very interesting speech to the British-Irish Inter-Parliamentary Body in Killarney on Tuesday.

In the context of believing what people do as well as what they say, that distinction is crucial. We should all take encouragement from what is now clearly the case according to the IMC; namely that the IRA has delivered, and is continuing to deliver, on its promise to end all violence and criminality, so that republicans are committed to democratic and peaceful methods. Of course there are individual criminals out there, some claiming republican or loyalist affiliation; but as the recent activity of the Garda, the Police Service of Northern Ireland, the Criminal Assets Bureau and the Assets Recovery Agency has shown, they will be ruthlessly pursued, whoever they are. In short, there has been and continues to be momentous progress to report.

Trust is a two-way process. Where there has been deep division and where fears and suspicion were well-founded, trust is not going to emerge freshly minted. It must be developed and built on and the only way in which to do that is through dialogue.If parties are serious about testing the bona fides of others, they should do it as we do in this House, face to face. If parties are serious about devolution, they should engage with one another. If parties make a point of their mandate as leaders of their community, they should respect the mandate of others and show real leadership.

Frankly, it is hard for an outsider to understand why members of the DUP will talk to Sinn Fein in television studios and sit with Sinn Fein members as local councillors, but will not talk to Sinn Fein privately or as Members of the Legislative Assembly. It is equally hard to see why Sinn Fein is able to meet the Chief Constable in Downing street, while the Sinn Fein chairman of a council will not talk to a district commander at a civic function. What Northern Ireland needs is mature politics. Between May 15 and 24 November, we will see whether the people of Northern Ireland will get the leadership that they deserve.

Let me now deal with the Bill. The framework is simple; it brings back the Members of the Assembly to meet in order to prepare for the restoration of devolved government, which means selecting an Executive. If they achieve that by 24 November we shall proceed immediately to devolution, with Assembly elections in May 2008. If they do not, we shall have to proceed by other means, and the Assembly election scheduled for May 2007 will be postponed indefinitely.

The Assembly would meet on 15 May in a new mode. It would have no legislative powers, there would be no Executive and hence the direct rule arrangements would continue. The Bill provides for me to refer to the Assembly first the selection of a First Minister and Deputy First Minister, then the running of the d'Hondt process to fill the other ministerial posts in the Executive. I can also refer other matters to the Assembly as I think fit.

The arrangements are similar to those that applied when the Assembly was first elected in 1998. I have power to make directions about procedure, including the appointment of a Presiding Officer and the provision of Standing Orders. That is important, because the Assembly in its early days must not be distracted from its main tasks by long-drawn-out discussions on preliminary issues.

As I have said, I intend to appoint Mrs Eileen Bell as Presiding Officer. She is highly respected among the parties, and I am sure that she will fill her post with distinction. In the operation of the Assembly, I hope that there can be the greatest possible consensus between us and the parties, and in that event I shall be only too happy to leave the Assembly to sort out internal issues for itself.

Lady Hermon (North Down) (UUP): Will the Secretary of State confess that it is regrettable that the

[Lady Hermon]

new creature created by the Bill has been christened "the Assembly"? It gives the inaccurate impression that this is the Northern Ireland Assembly back in "shadow" mode, and of course it is nothing of the kind. Does the Secretary of State regret that?

Mr. Hain: I am sorry; I am always reluctant to disagree with the hon. Lady, but I do not regret it at all. A body consisting of 108 elected Members of the Legislative Assembly will meet, and I do not know what we could call it other than an Assembly.

I am encouraged by early discussions with the parties to believe that there is a serious intention to make the Assembly work. Today we are making available an illustrative set of initial Standing Orders, on which we shall work further before 15 May. They can readily be supplemented at a later stage if need be, and if parties or individual Members have any comments, we shall be glad to take them on board. I am ready to refer to the Assembly a range of matters that will feature among the key concerns of a new devolved Administration. As I have said, we would take account of the Assembly's views on such matters, especially if they had cross-community support. They might include education reform, local government reform, water charges or rates rises. They might also include modifications to the institutions.

Northern Ireland's business community has presented the Prime Minister and me with an interesting policy agenda for economic reform. We have suggested that it would be a suitable matter for business leaders to present to the Assembly soon after 15 May. Obviously, if the Assembly were then to work on and agree a serious and costed economic policy reform programme, the Government would be obliged to consider it seriously.

We have been pressed to say that we would automatically give effect to views expressed by the Assembly. We as a Government are accountable in this place for the good government of Northern Ireland pending the restoration of devolution, and it would be wrong for us to have our hands tied completely. We cannot be accountable both to this Parliament and to an Assembly that is not even fully restored, and where there is little incentive to make the tough decisions that are needed. It is obvious, however, that a cross-community view from the Assembly would be very influential with us. The sooner devolution is restored, the sooner the Assembly will have complete authority over such issues.

I have been pressed to say why we are proceeding on matters such as education and local council reform when the Assembly could and should determine those matters. My answer is that our measures are absolutely necessary in the public interest and as I am far from certain that some of their most vociferous opponents are actually willing to restore the Assembly, why should I let them have their cake and eat it by delaying the reforms? Either they want to determine these policies, or they do not. If they do, let them get on with it and restore the institutions as soon after 15 May as possible. The longer they delay, the more irreversible these reforms will be, and the more I will have to decide the detail rather than leaving it to Assembly Members. It is their choice, not mine.

Lembit Öpik: The Secretary of State has made an interesting point. Will he confirm, for the sake of absolute clarity, that he would be willing to countenance self-determination in the education system in regard to whatever reforms may take place if the Assembly sits again? I ask because if that is the case, it surely gives those involved in education a strong incentive to restore the Assembly so that they can determine for themselves what happens to, for example, selection.

Mr. Hain: The hon. Gentleman is right, and I am grateful for the opportunity that he has given me to spell out the position even more clearly than I have already. If restoration is achieved very quickly after 15 May, as I hope it will be, the order abolishing the 11-plus will not have gone through Parliament. A restored Assembly will then have the opportunity to decide what it wants to do about education policy. I know that the hon. Gentleman disagrees with me, but I happen to think that the policy is right, and is in the interests not just of those who do well at the top of the education ladder but of those who do terribly at the bottom. In any event, I think that that is an appropriate decision for a restored Assembly to make. However, because I believe that abolition is in the public interest in Northern Ireland, I will not delay in the hope that the Assembly may be restored at some point; next year, the following year or whenever people get around to it.

My message is absolutely clear. Some may think it blunt, but it is clear. If people want to make decisions for themselves, let them get on with making those decisions for themselves.

Sammy Wilson (East Antrim) (DUP): Will the Secretary of State give way?

Mr. Hain: I give way to a Member of the Assembly whom I invite to be precisely that.

Sammy Wilson: Does the Secretary of State not also accept that the converse is true? The more that he pushes through unpopular measures that the Assembly cannot change, the less incentive there is to have an Assembly. It will be incapable of doing the very things that people want it to do, anyway, because he has pushed through these unpopular changes.

Mr. Hain: That may or may not be true of a couple of important issues, but let us consider education policy, in which the hon. Gentleman takes a close and expert interest; indeed, I pay tribute to him in that regard. As I understand it, he disagrees fundamentally with the abolition of the 11-plus. However, even if the relevant order goes through because restoration of the Assembly does not occur before the order completes its parliamentary process, there are still a whole series of other matters to be decided, such as exactly what the new admissions arrangements will be and exactly what role the pupil profile will play. Some of those matters will be determined by further legislation, and others simply by policy implementation. So it is not true that there is less of an incentive to restore the Assembly; there

is more of an incentive, because the hon. Gentleman and his colleagues can then tailor the policy exactly as they wish. The same point applies, by the way, to local government reform, water charges and a range of other issues.

Sir Patrick Cormack: I am very grateful to the Secretary of State, who, as always, is very courteous in giving way. Would it not be a logical extension of his carrot-and-stick policy to say that no orders will be introduced in this House until the November deadline, given that, as he made plain to me earlier, that is a real deadline?

Mr. Hain: I am afraid that, for a variety of reasons, that is not possible. For example, there is a yawning gap in the financing of Northern Ireland's water and sewerage system, and a gap in the provision of public financing, both of which can be filled through water charges. If we do not proceed in this way, we will leave a massive hole in the budget from April 2007. Here, the disagreement is not so much one of policy; whatever Opposition politicians may say, privately, they recognise the need for the action that we are taking. However, if there is an alternative view on how low-income families should be treated—an alternative to the special subsidies that we are providing them with—we will happily listen to it. I repeat; none of this is set in stone. Issuing one Order in Council may set a framework, but it does not establish the whole picture. Consequential legislation will have to be implemented by this House if we cannot achieve restoration, or by a restored Assembly if we can.

Mr. Eddie McGrady (South Down) (SDLP): I thank the Secretary of State for giving way. He is talking about an issue of fundamental importance. He must acknowledge, in the light of our recent history, that some of the measures that have been implemented through Orders in Council and other non-democratic methods have been opposed on a cross-community, cross-party basis. This has to be a black and white issue. Is he saying that if there is cross-community, cross-party opposition to a measure referred to the Assembly, such opposition will stop it in its tracks?

Mr. Hain: I assume that the hon. Gentleman is thinking of the review of public administration and local government reorganisation, which is the only such example that I can think of, although he perhaps puts water charges into the same category. That policy, which has enormous merit, is supported by the business community, the voluntary sector and independent assessors. It provides for coterminosity in policing and health, thereby putting Northern Ireland in a unique position, compared with the rest of the UK, in delivering joined-up services locally. Of course, neither the hon. Gentleman nor his party is to blame for the current situation, but I should point out that, if people do not like the policies, they should get into power and take such decisions for themselves.

Rosie Cooper (West Lancashire) (Lab): I genuinely understand the situation in which Northern Ireland Members find themselves, but this is now a question of priorities. In carrying out their role as elected Northern Ireland Members, they need to consider the impact of following to its conclusion the zero-tolerance policy that we have heard about today. They really—*[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Lady must sit down. We should not have interventions from a sedentary position, and it is certainly not advisable to respond to them.

Rosie Cooper: Thank you, Mr. Deputy Speaker. The big issue is Northern Ireland Members' priorities. Do they want to do the job for which they were elected, such as dealing with education and local government reorganisation? These are really big questions for Northern Ireland and now, in modern parlance, it really is a question of deal or no deal.

Mr. Hain: I could not agree more with my hon. Friend; she has expressed herself eloquently and forcefully. It has been suggested that there is overwhelming or near total opposition to the education reforms, but in fact, there is strong support for them, including from those elected to this House who take their seats. So people should not assume that we are riding roughshod over Northern Ireland opinion by implementing this policy. One section of opinion opposes such education reforms, but another—it includes professionals, educationists, teachers and others—is strongly in favour.

Lady Hermon: I am most grateful to the Secretary of State for giving way. Will he clarify one small point? This new creature—the completely new Assembly that the Bill sets up—could well be christened a talking shop. No matter what resolution or motion is agreed by it, all that it can do before restoration—if such an order is ever made—is to discuss and talk until it is blue in the face. It has no decision-making powers whatsoever. Would the Secretary of State care to confirm that?

Mr. Hain: No, I am afraid that I cannot. Its task is to restore the Executive, which it can do on day one, two, three or four, if it chooses. On the contrary, it has a solemn task of the highest importance: to achieve restoration.

Dr. McCrea: *rose—*

Mr. Hain: I realise, Mr. Deputy Speaker, that I have been speaking for a long time. That is because I have taken a lot of interventions. I am being pressed to take another; then, I really must make some progress.

Mr. Deputy Speaker: Order. I reinforce the point that the Secretary of State has made. A number of hon. and right hon. Members intend to seek to catch my eye; however, the time that they will have to speak is being reduced with every single intervention.

Dr. McCrea: I thank the right hon. Gentleman for giving way. Surely the financial black hole to which he referred earlier should not be filled through water charges. The fact is that the lack of infrastructure in the past 30 years was caused by the need to spend money on dealing with 30 years of IRA terrorism. The people should not be penalised.

Mr. Hain: I put it to the hon. Gentleman absolutely straightforwardly—I hope that he will not take this in the

[Mr. Hain]

wrong spirit—that where I and my constituents pay, on average, £1,300 a year in water charges and household council tax, he and his constituents pay some £600 a year in water contributions and household rates. So they are paying less than half what Scottish, Welsh and English Members and their constituents are paying. That is not sustainable if we want a proper, modern water and sewerage system in Northern Ireland that meets future needs and provides clean water and beaches. Moreover, if we want to release up £200 million-worth of spending to put into health and education, we need to raise more finance locally. The same point applies to the rates. That gap—Northern Ireland's households contributing less than half what Great Britain's households contribute—is simply not defensible or sustainable.

The key purpose of the Assembly is to pave the way for a devolved Executive, by electing a First Minister and Deputy First Minister; and then running the d'Hondt process. When all concerned have affirmed the pledge of office, including the commitment to exclusively democratic and peaceful means, the Bill requires me immediately to make an order restoring devolved government. The newly selected Executive would take up office, and the Assembly would have all its powers and responsibilities restored. The direct rule powers would come to an end; indeed, they would be repealed from the statute book.

If restoration is achieved, we have provided that the Assembly's life should be prolonged for a year beyond May 2007, when an election was due. That is not the sort of step to be taken lightly, but it makes no sense, having laboured for years to restore an Executive, for its members then immediately to have to focus on pre-election positioning and campaigning, instead of focusing on the difficult process of self-government. It is going to be hard enough to build the trust and experience necessary to make the new arrangements work without electoral politics intervening.

Of course, some parties are seeking changes to the arrangements under which devolution would operate. Much the best way forward would be for the parties in the Assembly to resolve those issues among themselves. Under devolution, the Assembly achieved remarkable things with all the parties working together, and in that spirit I am sure that we could overcome the remaining obstacles. We as a Government of course stand ready to contribute to discussions on those issues, and to give effect to the outcome. But accommodation among all the parties is what matters.

If we do not get an Executive by 24 November, the Bill is absolutely unequivocal. The Assembly Members will go home, the May 2007 elections will not take place and, from 24 November, the Assembly Members will receive no pay, though the powers governing that already exist and do not depend on the Bill. We do not believe that it would be justified to pay Members of the Legislative Assembly any resettlement allowance. After three and a half years on generous pay without having been able to carry out their role, the public would not accept MLAs receiving golden handshakes.

It has been put to me that MLAs could face some unavoidable costs, arising after the November deadline, associated with the closure of their offices and the release of their staff. There are existing arrangements for those to be reimbursed strictly on the basis of receipted claims. Suggestions that that means a £16,000 retirement package in the back pocket of every MLA are completely misguided. Frankly, however, I am not particularly sympathetic to even those winding up arrangements for office rent, staff and so on. The public are heartily sick of taxpayers' money being doled out to MLAs who will not do their jobs by working together like all other elected politicians across the world.

Mr. Dodds: Does the Secretary of State agree that the people of Northern Ireland are also heartily sick of the Government doling out money to Sinn Fein MPs who do not do their work in this House? We are told that they do their constituency work, as do MLAs, but this Government saw fit to introduce payments of hundreds of millions of pounds to Sinn Fein MPs on the same basis as payments to Assembly Members. Is not he being utterly hypocritical?

Mr. Hain: I am not sure that hundreds of millions of pounds is anything like correct. The hon. Gentleman may want to check the accuracy of that assertion. He surely is not suggesting that the fact that Sinn Fein Members have not taken their seats, which I regret—although they continue to do their constituency work—in this House, which has sat for centuries, is the same as Members of the Legislative Assembly refusing to sit together and do the job for which they were elected.

If we failed by 24 November, we would then carry forward the government of Northern Ireland. Of course an Assembly and Executive could at some future year be restored under the original Good Friday arrangements; that is to say, without the fresh basis for which this Bill provides. In that event, the Bill enables an Assembly election to be called later, subject to an affirmative vote in Parliament. But I do not want, and I am not anticipating, failure. I believe that matters need not and will not come to that.

Devolution was a success before. Not only does it tap local resource and initiative in a way that direct rule never can, but it embodies the spirit of working together that is necessary for Northern Ireland to find a truly successful place in a changing world. It says to people at home and beyond that Northern Ireland has moved on, is meeting the challenges of the past on the basis set out in the agreement, and is determined to confront the challenges of the future, for the good of all its people.

I want to stress again that 24 November is for real. The past practice whereby deadlines come and deadlines go is over. This is a time for decision. Either the curtain comes down on the process since 1998 or it rises on a new future. We hope that the parties will have the courage and vision to make sure it rises. They will make their fateful decision, bearing in mind—I hope—what has been achieved in Northern Ireland's politics these past years. That is not democratic perfection; of course not. It is not even normal, modern, democratic politics of the kind operating elsewhere in the United Kingdom.

But it is, nevertheless, the foundations of a new democratic culture embracing everyone from Unionists to nationalists, from loyalists to republicans. It is a democratic culture to replace violence, never before achieved in Northern Ireland's tangled and tortured history. That democratic culture is a precious asset. Its

foundations have been carefully assembled over the years of painful negotiation, political sacrifices, ups and downs and periodic crises. It is for Northern Ireland's parties now to decide whether they wish themselves to close down that political culture and write off a political generation. I hope that they will not do so, but instead build on it by having the courage to work together and share power together.

2.35 pm

Mr. David Lidington (Aylesbury) (Con): We shall support the Bill. If there is a Division this evening, it is my intention to vote with the Government on Second Reading. We can explore tomorrow, I hope, the detailed questions that we may have. The Secretary of State will know from speeches that I have made on other occasions in the House that we have had criticisms of the way the Government have handled aspects of the political process in Northern Ireland over recent years. However, I believe that this is one of those occasions when the Opposition should give the Government the benefit of the doubt, although I think—I hope that I am wrong—that they are being optimistic in setting such a tight deadline for the forthcoming negotiations between the parties and the two Governments. We very much hope that the Government's initiative succeeds.

It is the belief of my party that it is in the interests of everybody in Northern Ireland that devolution should be restored and we accept, too, that that has to be done on the basis of power sharing. We cannot go back to a time in which 45 per cent. of the population was permanently and irrevocably shut out from any say in the government of Northern Ireland.

Lady Hermon: How is it that Her Majesty's loyal Opposition can support a Bill that gives the Secretary of State for Northern Ireland such an enormous amount of increased executive power, including the power to amend any Act of Parliament whatever?

Mr. Lidington: The hon. Lady has put her finger on one of the aspects that I hope the House will probe in detail in the debates that we will have tomorrow. One of the points on which I will then seek clarification from the Minister of State is whether the enabling powers to which the hon. Lady has just referred will be carefully circumscribed by reference to the purposes of this particular Bill or whether they could, as she suggests, have a wider application than the House would wish to provide.

I can understand why the Government have chosen the type of language that they have, but I am a little critical of their approach to the debate on the Bill. It is presented too much as if there were a neat symmetry between republicans and Unionists. The Secretary of State was right when he said at the beginning of his speech that what is stopping devolution happening is the brute fact that the majority of the Unionist community—and, for that matter, many nationalists—in Northern Ireland do not yet feel able to trust Sinn Fein and the IRA when they say that they have put terrorism permanently behind them.

I would have greater sympathy with the Secretary of State's later argument—that the different political parties in Northern Ireland should, in effect, shape up, come together and reach an agreement—if that involved only the sort of sincere yet profound differences that exist between his party and mine, for example, or between the Unionist parties and the SDLP. Such differences come down to questions about how policy should be decided in an agreed constitutional, democratic and peaceful context. However, the reality is different: the Unionist community is being asked to engage with, trust and go into government alongside members of a political movement that for decades has been dedicated to the destruction of the political entity that is Northern Ireland. Moreover, that movement has tried to change the constitutional status through violence and, at times, acts of indiscriminate slaughter rather than through the ballot box. We are being asked to make that leap of faith at a time when the republican movement is still led by men who in the past have authorised or taken part in acts of violence that have caused grievous loss of life and injury among people from all communities and on both sides of the water.

The process of coming to terms with engaging with members of Sinn Fein has been difficult enough for my party, as we have lost friends and colleagues to terrorism. Some of my colleagues in the House of Lords and elsewhere in the Conservative party will bear the physical and mental scars for the rest of their lives. Others of my friends, including a fair number of current Members of this House, have had to live for months or years with the knowledge that they and perhaps their families were on an IRA list, and with the expectation that they could be threatened or attacked at any time.

I can recall conversations with my right hon. and learned Friend the Member for Devizes (Mr. Ancram) and with Lord Mawhinney in which they described how peculiar it was for them, as Ministers in the Northern Ireland Office, to sit down to negotiate with men who they knew for certain had been plotting their murder only a few months previously. I am not making a special plea on behalf of my party but, if members of the Conservative party have reason to be wary and cautious, that must be doubly and trebly the case for members of the Unionist parties. All hon. Members, irrespective of party allegiance, must understand how much we ask of our Unionist colleagues when we argue that a political agreement has to include Sinn Fein.

Mr. Gregory Campbell (East Londonderry) (DUP): My hon. Friend has described, movingly and poignantly, the difficulties faced by his party and the rest of us. Although it is exceptionally difficult for many of us to reconcile ourselves with what has been done in the past, our concern is that there may be plans for similar things to happen again, in both the present and the future. That is what we require certainty about.

Mr. Lidington: I welcome that intervention, because the hon. Gentleman demonstrates that the DUP is prepared to look again at Sinn Fein's credentials. Without ever forgetting the grievous wrongs carried out by terrorists in the past, Unionism's political leaders are looking to the future and hoping for the profound change in republicans' intentions and motivations for which we all yearn.

The Secretary of State and the IMC today have given us some evidence that we have real cause for hope, but I am not surprised that Unionists sometimes look

[Mr. Lidington]

askance at such things. We must remember that we are asking our colleagues in Northern Ireland to share power with Sinn Fein at a time when every political party in the Irish Republic still says that they are unfit to take part in a coalition in Dublin.

The Provisional IRA has denied that it has taken part in or authorised recent acts of criminality. We hope that we can trust those words, but we cannot forget that we heard comparable denials after the Enniskillen bombing, the murder of Garda officer Jerry McCabe and numerous other terrorist incidents. It is difficult to drive those memories out of our minds.

Sir Patrick Cormack: My hon. Friend is making a typically thoughtful and excellent speech, and he has touched on the refusal by parties in the Republic to work with Sinn Fein. However, is it not worth putting it on the record that that party, as well as having a questionable past and present, also has political principles that are inimical to anyone who sits in this House of Commons?

Mr. Lidington: My hon. Friend is right. We are looking for more than words: we need evidence that will allow us to believe that Sinn Fein is genuinely and permanently committed to achieving Irish unity exclusively through democratic politics rather than violence or intimidation. I disagree with that objective profoundly, but it is one that is perfectly legitimate for any politician in these islands.

In our debates on these matters, and in exchanges in recent months at Northern Ireland questions, we have talked about the steps that the republican movement has taken in the past few years. However, we should not neglect to acknowledge the important moves that Unionism has also made, and I especially welcome what the hon. Member for Belfast, East (Mr. Robinson) has said in two recent speeches. In New York on 6 April and in Killarney the other day, the hon. Gentleman made clear his party's commitment to work for a just and enduring settlement. In Killarney, he said that, although Unionists would oppose those who wished to press for a united Ireland with every democratic and peaceful means at their disposal, he respected the right of democrats who sought that objective to pursue their political ideals as long as they did so through the ballot box and not through violence.

I hope that all hon. Members share that vision—that, in the end, we will find a way to a political settlement that would allow, as the hon. Member for Belfast, East said,

"the sons and daughters of the Planter and the Gael . . . to share the land of their birth and live together in peace".

However, if we are to approach that objective, we need clear and firm evidence that republicans' commitment to democracy is neither tactical nor another lull in the armed struggle such as occurred in the 1950s. We need evidence that it is a permanent and irreversible break from the history of terrorism and criminality.

As the Secretary of State said in his speech, today's report from the IMC undoubtedly gives real cause for hope. It does, in my view, indicate important further steps by the republican movement away from violence and crime and towards exclusively democratic politics. To my mind, one of the most important conclusions reached by the IMC was that which it published in paragraph 2.15 of its report, when it concluded:

"There has now been a substantial erosion in PIRA's capacity to return to a military campaign without a significant period of build-up, which in any event we do not believe they have any intentions of doing."

Evidence of that type, that suggests that we are moving away from the situation where, in the words of the Taoiseach, the IRA was able to turn violence on and off like a tap, should be warmly welcomed.

I have sometimes been criticised for focusing to a huge extent on republicans. I do not apologise for doing that because the republicans, unlike the parties linked to the loyalist paramilitary groups, will have Ministers—indeed, a significant number of Ministers—in any reconstituted Executive, but it is fair to say that we do need to acknowledge that the continued existence and activity of loyalist gangs not only gives the IRA a fig leaf for remaining organised but is the cause of genuine fear amongst the Roman Catholic and nationalist people of Northern Ireland.

Dr. McCrea: Before the hon. Gentleman moves away from republican terrorism, may I ask him a question? The Continuity IRA is very much evident and its threat is certainly not below the surface but very evident at this time. The Real IRA is also very active, and the IMC report acknowledges that there are senior members of the IRA who are also active, whether they have been hiding guns or whether they have been involved in criminality. May I ask the hon. Gentleman, is this stating really that PIRA has lost control of the republican movement?

Mr. Lidington: That is exactly one of those questions that we shall have to continue to observe very carefully in forthcoming weeks and months. I have been told in my conversations with senior police officers and others that they believe that the leadership of Sinn Fein and the Provisional IRA still retains control over, leadership of, the great bulk of those who have been followers of the Provisional IRA in the past, and there has been some splintering, but we are not yet facing the kind of split in republicanism that we saw in the conflict between the provisionals and the officials in the late 1960s. I will be guided very much by the information that I get from police officers, Army officers and other such sources about what is happening within republicanism.

I was speaking a moment ago about loyalist paramilitaries. I wanted to say to the Secretary of State that he has our support in his efforts to end loyalist violence, and I support without reservation his call to the loyalist paramilitaries to stop the crime and the violence in which they are engaged and to decommission their weapons. I would only add—I am sure that the Secretary of State agrees with me—that the police and the Assets Recovery Agency should continue to pursue remorselessly those paramilitaries who defy the law rather than abandon lawlessness in favour of democracy.

But the focus has to be primarily on republicanism because of the strength of the electoral support that Sinn Fein now enjoys, and it seems to me that there are three questions that have to be asked about republicanism.

The first is whether the provisionals as an organised movement have ceased all involvement in crime. While the IMC has certainly reported progress, the hon. Member for South Antrim (Dr. McCrea) and others, in interventions, have also pointed to those paragraphs in the report that indicate that other members of the provisional movement, including some senior members, are still engaged in criminality.

The Secretary of State made quite a lot of the difference between the approach of the leadership and the actions of a minority of members of the Provisional IRA. I accept the distinction as a matter of principle, but I think it is fair for all of us to challenge republicans by saying, "If you are sincere in your commitment to break finally and irrevocably with crime, we want to know that you are taking action to stop those rogue elements." And that does not mean the sort of alternative disciplinary methods that we have seen far too much of from paramilitary groups on both sides; it means a willingness to engage with the legitimate criminal justice system and police force so that those renegades can be brought to justice and further crimes prevented.

So the second challenge to the provisionals is to support the police and the courts and the rule of law. I did note that the IMC, in paragraph 2.19, states that it believes that the leadership of the provisionals

"has accepted the need to engage in policing if it is to achieve its aim of devolution of policing and justice",

but the IMC continues:

"The issue is still very controversial on the ground and has not been resolved to date within PIRA despite robust discussion."

I think we need to move beyond robust discussion and we need to be clear that Sinn Fein, if it is to be treated equally as a democratic party, is accepting the norms of democratic discourse, and that support for the police and the rule of law is not some optional extra—it is integral to accepting the rules of the democratic game.

I took a measure of encouragement from the IMC's comment in paragraph 2.20, when it quoted Mr. Martin McGuinness as saying, in the context of a lorry hijack in March in the Irish Republic, that

"anyone involved in activity of this nature, no matter what political party they support, needs to be arrested, charged and brought to court before a jury of their peers."

Those are good words. Let us now see those words being translated into action by Sinn Fein leaders to say to their followers that it is time for them to give evidence of crime to the police and the other parts of the criminal justice system.

Sammy Wilson: Does the hon. Gentleman accept that the crime referred to in paragraph 2.20 was a crime executed in the Irish Republic, and that it would be very good to see Martin McGuinness and Gerry Adams making the same comments for crimes that are committed in Northern Ireland and encouraging the police there and encouraging people to appear before the courts there?

Mr. Lidington: I agree entirely.

The third challenge, which is a challenge not only for the republican movement but for us in the House, is to answer the question, what is the status of the Provisional IRA? The IMC report today talks still about the barbarous practice of exiling continuing to be enforced by both republican and loyalist paramilitary groups. It talks about paramilitary groups—the IRA as well as loyalists—acting as "community disciplinarians", imposing their rule on nationalist or loyalist people, rather than allowing the rule of law to prevail. We hear the comments of the Irish Justice Minister, who wrote in the *Sunday Independent* on 26 March that the resources of the IRA

"are very substantial. They are available for the subversion of democracy."

On 11 April, he told the *Irish Independent* that

"the IRA constitution continues to be treasonable and subversive".

One cannot lightly ignore such statements.

I would welcome it if the Provisional IRA really were turning itself into what the right hon. Member for North Antrim (Rev. Ian Paisley) has referred to as an old boys association. I would not welcome the commemorative events of such a body, but it would be much better and easier to live with than the violent paramilitary conspiracy that the Provisional IRA has been for so many years. At some stage, we in the House will have to work out how we think of the IRA. On several occasions, the Secretary of State has said that the Provisional IRA is no longer a terrorist threat. To be fair, the IMC bears him out and I am prepared to accept its word, but we are left with an odd situation in which an organisation is apparently no longer deemed to be a terrorist threat but membership of it is still a criminal offence both in the United Kingdom and the Republic of Ireland.

If at some stage the Government said that they were considering de-proscribing the IRA because there was clear evidence that it had utterly changed in character, I could understand it, although I should want to be persuaded. But to say on the one hand that the organisation can be trusted and that it is not a terrorist threat, yet on the other that it is still a criminal offence to belong to it strikes me as a bit inconsistent and ambiguous. We must get straight in our minds how we are to treat the organisation in the future.

Sir Patrick Cormack: Is not there a simple answer? For Sinn Fein to disband the IRA.

Mr. Lidington: Alongside support for the police, disbandment of the IRA is probably the single gesture that would make it easier for Unionists to accept the fact that the organisation had changed.

Mr. Peter Robinson: Is not it true that Unionists would be bereft of an argument if it was ever believed that they were relying on that? They could hardly accuse the organisation of being complicit in criminality and paramilitary activity if it no longer existed.

Mr. Lidington: Indeed. If the war is over, what purpose does the army serve? That is a challenge to which I have yet to hear a clear or persuasive answer from representatives of Sinn Fein.

I am conscious that Northern Ireland Members want to speak—

Sir Patrick Cormack: And others.

Mr. Lidington: Indeed.

[Mr. Lidington]

I conclude by wishing the Government and the Northern Ireland parties well in the negotiations that they are about to undertake. I very much hope that we reach agreement about devolution and the restoration of the institutions with full powers, but I am clear in my own mind that that can and should come about only if we have a commitment by all parties, especially Sinn Fein, to a culture of lawfulness and justice. If everybody is to be accepted as an equal partner in the democratic future of Northern Ireland, all have to play by the same democratic rules.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. Before I call the next speaker, I remind the House that Mr. Speaker has placed a 15-minute limit on all Back-Bench speeches, which applies from now.

3.5 pm

Mr. Paul Murphy (Torfaen) (Lab): The debate has been interesting so far and I am sure it will continue to be so.

I certainly welcome the Independent Monitoring Commission publication today; there is still a long way to go, but with reference to the IRA, it indicates that progress has been made. I also welcome the statement made in Killarney this week by the hon. Member for Belfast, East (Mr. Robinson) when he and his colleagues addressed a meeting of the British-Irish Inter-Parliamentary Body, which I co-chair. His statement was excellent, especially in terms of his party's willingness to share power with nationalists in Northern Ireland.

I welcome the Bill in so far as it restores the Assembly. It is important that all Members understand, as Members who have been involved in Northern Ireland affairs over the years do, that a crucial part of the Good Friday agreement—indeed of any agreement to bring stability and harmony to politics in Northern Ireland—must have at its heart the principle that people in Northern Ireland should be governed by people from Northern Ireland in a special way, with shared responsibility among the different communities.

We are not just talking about the business of devolution. After all, there is devolution in Wales and Scotland. Indeed, it is ironic that my right hon. Friend the Secretary of State for Northern Ireland, who is more of a devolutionist than I, has rightly expanded devolution in Wales, yet if, unhappily, the latter part of the Bill has to be enacted, it would bring the end of devolution in Northern Ireland. The business of devolution is working together—sharing government and making decisions together. The hon. Member for Aylesbury (Mr. Lidington) pointed out how difficult that is, inevitably, among parties with fundamentally different political views. It goes beyond that: I would find great difficulty in forming a coalition with the Conservative party, the Liberal Democrats and other parties in the House, but it is a thousand times more difficult for parties in Northern Ireland.

The continuance of direct rule would be disastrous for Northern Ireland and for the political process. I was a direct Minister for five years—two years as a Finance Minister and three as Secretary of State dealing with devolved issues. I was deeply uncomfortable in the role of direct rule Minister, although not in dealing with the politics and security of Northern Ireland. My party does not get a single vote in Northern Ireland although the Conservative party wins a number of votes, but apart from the Northern Ireland parties no party has a mandate there, so it is hard for direct rule Ministers to square their conscience when taking difficult decisions on behalf of people from whom they have received no mandate. That is coupled with the ludicrously inadequate method for parliamentary scrutiny of hugely important issues that affect the 1.7 million people in Northern Ireland.

The Assembly will not be the one set up by the agreement, but I am happy that it will be restored if the Bill is passed, because it will be able to discuss individual issues in Northern Ireland. I believe that it is right for my right hon. Friend to listen exceedingly carefully to those 108 Members elected to the Northern Ireland Assembly on the issues that they want to debate.

Some issues, such as water rates, rates more widely and other financial matters, remain very controversial in Northern Ireland and every Administration, whether by direct rule or through a restored Assembly, would have to confront them. Some in Northern Ireland, of course, would rather like direct rule Ministers to take the difficult decisions, so that they would not then have to take them themselves.

Other issues, such as education, are not in that category. Martin McGuiness started the ball rolling when he announced the end of the transfer test, or 11-plus. I had to continue the debate over that issue when I was Secretary of State, and my right hon. Friend is doing it now. It is, of course, an issue that divides people in Northern Ireland. Local government reform is a rather different issue again, in that all parties save one are opposed to it. I repeat to my right hon. Friend that on the highly sensitive issues that will impact on the politics and political geography of Northern Ireland for decades to come, he should listen very carefully to what is said in the intervening weeks—between now and, I hope, the summer, but possibly 24 November.

We must remember that Northern Ireland Assembly Members were democratically elected. I was present during the election and attended the count. Those Members have a representative role even if they have not yet gathered as an Assembly. The hon. Member for Belfast, North (Mr. Dodds) mentioned earlier that Sinn Fein Members do not—they do not want to—take up their seats in this place, but they still have a representative role, as do Assembly Members. I hope that my right hon. Friend and his Ministers will listen very carefully.

Another problem facing Northern Ireland is that people can become comfortable with direct rule, which is a grave danger. Every person in Northern Ireland who can exercise the franchise should think carefully about the loss of devolution and what it will mean to them—and to their grandchildren. It is a hugely significant issue. I would also say to my Front-Bench colleagues that Ministers must not become too comfortable with direct rule either. It is easy to slip into that, as I have often seen. It is easy to start thinking that we are governing parts of the United Kingdom over which we have some sort of mandate—but we do not. We—

whether as Ministers, as parliamentarians or as members of the public in Northern Ireland—must not become comfortable with direct rule. It is not the answer, but the antithesis of the answer.

Salaries and the endgame are further issues. I would love to hear my right hon. Friend say that the aim over the weeks and months ahead is to succeed. The message from the Government and from this place should be that in the weeks ahead, between now and the summer or November, the key purpose is to ensure that sufficient confidence and trust is built up between the parties in Northern Ireland. The Governments in Dublin and London should help to ensure an end to direct rule and the restoration of the Irish Executive. That has to be the central message. If it does not work, if direct rule continues and devolution is not restored, it will be a great disaster for the people of Northern Ireland. Ultimately, everyone would see a diminution in their lives—not just the democratic deficit, but a diminution in people's proper entitlement to be governed by people who live in Northern Ireland for whom they have voted.

I understand the frustration of Governments and the political parties in Northern Ireland and I understand the impatience of people living in Northern Ireland. However, when we talk about the great progress made there in recent times, everyone must understand that that is not just a cliché. Enormous progress has been made there politically, socially and economically. It has not come by accident, but through hard work and commitment. It has also taken some time: the time between the signing of the Good Friday agreement and reaching agreement on it was years, not months, but we must not lose patience. We must always have the ultimate aim or the big picture in view. This is about not just the absence of violence on the streets of Northern Ireland, and prosperity in that place—although those are highly significant—but the hugely important issue of people governing themselves.

Yes, it is probably right that the salaries—the reduced salaries, as people did not receive full ones—should come to an end. They cannot continue to be paid for ever. However, hon. Members should reflect on the fact that, in the intervening years between the referendum and the establishment of the Northern Ireland Assembly, a political class has developed. It includes a generation of politicians—108 Members, but also others who work for them or who serve in local government—and it is right to say that the political class has to be maintained. If all this does not work—I hope and pray that it will—my hope is that on the eve of my 58th birthday, which will be on 25 November this year, we will not see the collapse of those institutions.

Mr. Dodds: A nice birthday present.

Mr. Murphy: It certainly would be one of the best birthday presents that I could have if we saw the restoration of the Assembly and the Executive, whereby the people of Northern Ireland could rightly be governed by themselves. The absence of that success, however, is too dire to contemplate. It is too difficult to get our political heads around that. It would mean the destruction of devolution, the continuance of direct rule and the complete collapse of the Good Friday agreement or any other agreement that sought to bring about power sharing in Northern Ireland.

I wish my right hon. Friend the Secretary of State, his fellow Ministers and all the parties in Northern Ireland the very best in the months ahead. We are all hoping, praying and working hard to move in the right direction for the future.

3.17 pm

Lembit Öpik (Montgomeryshire) (LD): I would like to thank the Secretary of State for introducing the Bill and for his inclusive approach to consultation about it. As we said in our response to his statement last week, we can give a general welcome to the Bill. We are pleased to see that there is now a very clear target, set down in legislation, for the restoration of the Assembly.

I think that we would all agree with the right hon. Member for Torfaen (Mr. Murphy) that Northern Ireland is best served by local politicians taking local decisions on local issues. It is right and proper that those who take responsibility for health care, education, the provision of public transport and the stimulation of the economy in Northern Ireland—to name just a few—should be directly accountable to the people who will be affected by their decisions. There could not be a bigger contrast between how decisions are taken now—in a fairly undemocratic fashion, I believe, through Orders in Council—and how they will be taken when the Assembly is fully functioning. Liberal Democrats very much hope that this Government initiative will succeed in restoring devolved government to Northern Ireland and that the Assembly will become a secure and permanent institution, not dogged by the instabilities of the past few years.

There are still huge difficulties to overcome before we reach the point of restoring devolved government. Hon. Members have already alluded to them so I do not intend to repeat them, but to make some new points. First, the Government must not shy away from their responsibilities in ensuring that those difficulties are faced up to and dealt with in the coming weeks and months. There remains a fundamental and deep mistrust between the political parties, which cannot be dealt with on a quick-fix basis. Will the Secretary of State therefore reaffirm his commitment to instituting inclusive, round-table talks? We have stated many times our belief that that is the only way in which a lasting settlement can be achieved—when all the political parties in Northern Ireland are involved in the negotiations.

Far too often, Northern Ireland parties have been separated, so Ministers do side deals with one or two parties. Each of those initiatives has ultimately failed. The Government cannot afford to make that mistake again and squander the good will—to an extent, they have already done so—of some pro-devolution parties that Ministers and successive Secretaries of State have taken for granted. If the Government want to achieve a lasting settlement, they must ensure that all the parties work together to achieve it; otherwise we will find ourselves with another temporary deal that will ultimately come unstuck.

I also very much welcome the statement by the IRA in July last year and its subsequent act of decommissioning. While many were sceptical about those words, I think that the IMC has pretty much confirmed that significant action has taken place in that

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regard. The reports that have followed have served to reassure Liberal Democrat Members at least that the terrorist threat from the IRA is now massively diminished. However, we still feel quite troubled about the IRA's continued involvement with organised crime. That has been noted once again by all hon. Members who have spoken so far—the Secretary of State and the shadow Secretary of State have made that point—and it is something that we simply cannot ignore.

The Organised Crime Task Force has done some very good work, but it seems to have scarcely scratched the surface. Does the Minister agree that if Sinn Fein were to join the Policing Board and unequivocally support the police and the criminal justice system, the people of Northern Ireland would be greatly assisted in believing the IRA and Sinn Fein statements that they oppose any form of criminal behaviour? That has been an ongoing inconsistency, and Sinn Fein must live up to its responsibilities. Although I disagreed with some of the changes made to the Police Service of Northern Ireland, many of them were expressly introduced to make it easier for republicans to support mainstream policing and the rule of law.

I think that Sinn Fein is in deficit in its responsibilities towards the police. One of the very important actions that Sinn Fein can now take is positively to encourage republicans and Catholics to join the police, and it has been rather slow in that regard. However, on a very positive note, the IMC report seems to show that intelligence gathering has diminished, and there seems to be no coherent paramilitary intelligence-gathering activity of the type that the paramilitaries used to undertake to inform their terrorist atrocities. That is one of the most important findings in the IMC report, and it is one of the reasons why I am a little bit more optimistic that the process that the Bill puts in train can be successful.

I hope that some of the sceptics on the loyalist Benches will regard the abandonment of a significant part of the intelligence-gathering exercise as a very significant, albeit circumstantial, straw in the wind to show that there has been a permanent shift in Sinn Fein's ability to tool up and return to paramilitary violence as before. Indeed, the 10th report underlines the belief that the IRA is now much further from the ability to conduct organised, politically motivated paramilitary events than in the past.

Do the Government accept that the changes to the structures and working of the Good Friday agreement and the Northern Ireland Act 1998 to ensure that design flaws and general problems are properly addressed should form part of the current negotiation process? The Government will recall the difficulties posed by the system of designations, for example. The Secretary of State has said nothing about that today. So will the Minister reassure the House that if such changes are deemed necessary before the Assembly can elect a First Minister and Deputy First Minister, adequate time will be available for the House to debate them?

I turn now to the specifics of the Bill. I have a few questions for the Minister, and the Secretary of State knows—the Minister probably does, too—that the Liberal Democrats have already tabled some amendments by which we hope to have a full and considered discussion in Committee tomorrow on those various points.

Our primary concern is about the Assembly's ability to act in relation to issues on which the Government legislated during suspension. Can the Minister confirm whether the Assembly will be able to amend or repeal any Order in Council passed in Westminster since October 2002? Surely, once the Assembly resumes responsibility for transferred matters, it is up to the Assembly to determine policy on all those matters. Therefore, I should like the Minister to reassure us that the Assembly can reverse, by means of an Act of the Assembly, any policy decision that the Government have made and brought into operation during suspension. That point has been made already by Members on the SDLP Bench.

I am cognisant of the fact that the hugely unpopular changes to student funding that the Government forced through using the Order-in-Council process, despite the unanimous opposition of every political party in Northern Ireland, is a classic example of the kind of thing that a fully operating reconstituted Assembly should be able to repeal. It is not good enough for the Minister simply to say, "Well, I'd like to see where the money will come from." That is not the answer that we are looking for; we want to know whether, in principle, the Assembly has the right to make those changes. After all the bonhomie and positive consensus seeking by the Government, it would be extraordinarily undemocratic if they sought to scotch the Assembly's opportunity to repeal something that was unanimously opposed when it was introduced in the first place.

Lady Hermon: Just to assist the hon. Gentleman, who, unfortunately, has pledged his support for the Bill, let me point out that it is written in black and white in schedule 2 that

> "No instrument made during any period of suspension shall be liable to annulment or capable of being revoked in pursuance of a resolution, motion or address of the Northern Ireland Assembly."

Lembit Öpik: That is why I asked the question. Surely that should not be the case. If it is the case—this is why I want to press the Minister to give a reasoned response on Second Reading—the Government are, in essence, excluding a reconstituted Assembly from making some very important decisions on a whole raft of issues. One of my increasing irritations with the Government is their obsession with forcing through many decisions in a very short time, when it simply is not necessary to force the pace of Northern Ireland legislation at that rate. The Minister and his colleagues have been wholly unable to justify why decisions of such importance must be taken here and now. If they are so confident that the process will work, they can wait eight months—or perhaps not so long—to let the Assembly do its business.

To press the point that the hon. Lady makes, how does the Minister expect to get the good will of Northern Ireland parties if he really means that the Assembly should be explicitly excluded by the legislation from altering decisions that, in the judgment of its 108 democratically elected Members, are the wrong answers for Northern Ireland? Indeed, if the Minister cannot give a good response to that question—I am not holding my breath—it will be one of the important topics of discussion tomorrow.

I ask the Minister to reconsider whether the Government are willing to put on hold some of the more controversial policy decisions that they are proposing to put before Parliament between now and the deadline of 24 November 2006. I heard what the Secretary of State had to say about that, but what greater incentive could there be to focus the minds of the people whom they are trying to persuade than to ensure that everything is to play for until 24 November? Obviously, there is a stick-and-carrot approach, but it is diminished by the fact that the Government seem willing to make decisions that are not too time-sensitive now, when they should be giving everyone the clear space to focus on reconstituting the Assembly.

We agree with the Government that if a restoration order is made before the deadline set out in the Bill, it makes sense to postpone the date of the next Assembly election until May 2008. We agree with the analysis that that would give the Assembly time to bed down and tackle some of the very real issues that face Northern Ireland before the Assembly is devolved and the parties must face the electorate again. In that context, the breathing space seems sensible.

I am pleased to see that a firm date has been proposed in the Bill. The Secretary of State will know that the Liberal Democrats are suspicious of the setting of election dates by order. In fact, we feel that we were somewhat duped by the Government on a previous occasion, when they assured us that they were going to make one change, and then made another change. We are pleased that the merits of such a proposal can be discussed and debated before the whole House.

We are also willing to accept the provision that would allow the Secretary of State to set an election date in the future if the Assembly is not restored in the autumn. Initially, I was not so sure about that. I hope that there is no need for that provision. I accept that the Government's reasoning is sound, in the sense that there should be the ability to recall the Assembly and hold an election at some time in the future, even if in the short term things do not work out.

My next point is about deadlines. I have watched deadlines come and go, and I have often seen the Government promising that there will be no plan B and then capitulating at the last minute all the same. That is one of the reasons why, in the months ahead, the Government may have some trouble making people really believe that the Secretary of State will be true to his word and pull the plug on the proposals at midnight on 24 November. To that extent, it is really important that everybody be given a practical assurance—reflected not just in the Government's words, but in their actions—so that we can see that the deadline is for real.

The conditions in clause 2 are very clear. There is no question but that they are as close to objective as can be achieved, but I still harbour a concern that, if things are progressing slowly on 22 or 23 November, we will see some kind of order, or a quick piece of legislation, going through the House to provide more breathing space. I would be interested to know what the Minister can give by way of reassurance. The Government have created a rod for their own back by being so expedient in the past with deadlines that we were told were final, but turned out to be nothing of the sort.

We also hope that in Committee, the Government will be able to give us a clear and detailed explanation of the purpose of each of the clauses in this short Bill, and how they envisage them being used, so that there can be no ambiguity or attempted reinterpretation either by the parties in Northern Ireland or, more likely, by Ministers, when they feel that they have to start wriggling around the legislation. We have seen that before.

I know that this does not please the hon. Member for North Down (Lady Hermon), but, all in all, we will support the Bill if—

Lady Hermon: Not only did the hon. Gentleman not please me in his response to my first intervention, but I am sure that he will not please me in his response to my second. Am I correct in understanding that he has told the House that the Liberal Democrats now support, in a democracy, the shifting of the date of a scheduled election at the whim of the Secretary of State? Is that now the policy—a changed policy, a U-turn—of the Liberal Democrats?

Lembit Öpik: No, it is not. It is a judgment. The hon. Lady asked a serious question and I will give her a serious answer. That is exactly why I was dubious about this at the start. However, there is a specific reason why I can live with the change on this occasion. In practical terms, there simply would not be enough time for the Assembly to bed down. If the Assembly elections were to take place in May 2007, there would necessarily be an additional friction in the bedding-down process, because political parties would vie for advantage instead of working together to consolidate what will almost certainly be a fragile democratic environment as the Assembly seeks to work. I note that the hon. Lady feels very strongly about that, and she is perfectly entitled to hold that view, but I counsel her to consider the practicalities of forcing an election agenda on top of a fresh, re-established and perhaps slightly volatile Assembly so soon, with the previously scheduled election date.

Mr. Donaldson: The hon. Gentleman should be aware that when I was a member of the Ulster Unionist party, the then leader of that party, the former Member for Upper Bann, begged the Secretary of State to postpone the election in May 2003 and then begged him again to postpone the election in November 2003. Thankfully, the Secretary of State did not give way on that occasion. It seems that the Ulster Unionist party has changed its policy on shifting election dates.

Lembit Öpik: I remember making common cause with the Democratic Unionist party on that occasion, and saying that that was going to be a massive own goal for the Government. I think that the word most used at the time was "gerrymandering". It looked like gerrymandering to try to support the perceived allies of the Government's agenda at the time. I do not hold the hon. Member for North Down responsible for her former leader's decision, but it is important that we learn the lessons from that. If there is one absolutely

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certain reason not to change election dates, it is if the change is being made to try to manage or engineer a particular outcome.

Lady Hermon *rose—*

Lembit Öpik: I will give way, but I hope that we do not go too far from the content of the Bill.

Lady Hermon: Just in case there is any confusion or doubt, I am a very poor lookalike for the former right hon. Member for Upper Bann. Reflecting on the point that the hon. Gentleman has made about the inconvenience, difficulty and pressure that an election might put on political parties, I must say, with the greatest respect to him, that elections are for the people to express their will—[HON. MEMBERS: "Absolutely."] They are not for the convenience of political parties.

Lembit Öpik: The hon. Lady makes her point, and other hon. Members make their points. On this occasion, we think that there is a point in changing the election date. The Government have paid the price for what they have tried to do in the past. I remember congratulating the Democratic Unionist party on running a very good election campaign and smiling to myself because I suspect that at the time, the outcome was exactly the opposite of what the Prime Minister had intended.

The Bill is fairly short, but it has significant potential consequences. I want to highlight one very serious danger. If the Government do not succeed in re-establishing the Assembly, they must do something about how Northern Ireland is managed through direct rule. In the failure scenario, it would be utterly unacceptable for Orders in Council to be used to decide the future of 1.5 million people in Northern Ireland.

The Minister knows how resentful many of us have become—and not just about the overloaded business agenda, which the Government seem willing to impose gratuitously on those of us who do not have the benefit of the Northern Ireland Office preparing our briefings. The Minister will also know that this all-or-nothing approach towards profoundly important and constitutionally significant legislation in Northern Ireland is not democratic at all. To an extent, Ministers have already squandered much of the good will that we have tried to show in helping them to do their business, but if it looks as if we have not got an Assembly, we cannot carry on like this.

I hope that the Minister will provide some kind of an indication, either by intervening or in his winding-up speech, that the Government will take a more inclusive and democratic approach than they have done so far.

The Minister of State, Northern Ireland Office (Mr. David Hanson): The hon. Gentleman will know that my right hon. Friend the Secretary of State has written to him and the hon. Member for Aylesbury (Mr. Lidington) to say that we are happy to look at the matter. The Government find the process of Orders in Council unsatisfactory on occasions, too.

Lembit Öpik: I am delighted that we violently agree. Actions speak louder than words, and I hope that we can have those conversations in parallel with any negotiations that take place after the Bill is passed. If the Minister has good ideas on how we can make the process better, there is no reason why we should wait until 24 November to implement them, because we could start doing that now.

I look forward to tomorrow's short Committee and Report stages—

Sir Patrick Cormack At this rate we will still be here.

Lembit Öpik: I look forward to hearing other speakers, too.

More than anything, the Minister can be assured that we want a restored Assembly. I hope—perhaps I may even suggest this to the DUP—that there will be sufficient common cause in the interest of preventing the Government from running Northern Ireland like an old-fashioned Commonwealth outpost. Until we restore the Assembly, there is a significant risk that the Government will impose their will on many occasions, against the unanimous opposition of all politicians in Northern Ireland.

Sir Menzies Campbell (North-East Fife) (LD): On a point of order, Mr. Deputy Speaker. I owe the House an unqualified apology. At Prime Minister's questions today, I put questions to the Prime Minister that were based on an alleged incident at a prison in Stockton-on-Tees. The information had been relayed to me by an apparently reliable source and I accepted it in good faith. I now understand that my information was inaccurate, and I apologise for any embarrassment or inconvenience that I might have caused. I have written to the Home Secretary himself to make an apology in such terms as I have indicated to the House. I understand that the convention of the House requires a Member to come to the Chamber as soon as possible when he or she realises that something of this kind might have taken place, and I have sought to do that. I repeat my apology to the House for inadvertently relying on information that has now been demonstrated to me to have been inaccurate.

Mr. Deputy Speaker (Sir Alan Haselhurst): I am sure that the whole House is grateful to the right hon. and learned Gentleman for coming to the Chamber as soon as he has to put the record straight and feels that that is characteristic of the way in which he conducts himself in the House.

3.41 pm

Mark Durkan (Foyle) (SDLP): Government Ministers know that we believe that the proposals for which the Bill provides do not go far enough. It is a matter of record that we wanted the British and Irish Governments to be firmer and to go further. We wanted a real restoration date so that parties knew that they were on a countdown to restoration, which would be the biggest possible reality conditioner. Of course, the Bill provides not for that, but for an Assembly that is not restored, but convened on a different basis. It provides for an Assembly that is almost legally distinct from that provided for in the agreement. We are told that the Assembly will not be a shadow Assembly, so it will not even be a shadow of its former self.

We know that the rules of the game—I am not a golfer—are that the ball must be played where it lies. When we believe that the Governments have not gone far enough, we will take what is in front of us as far as possible in the direction of securing the full and proper implementation of the Good Friday agreement. We will test the Bill. We will also test the Assembly and its arrangements. We will test other parties in the Assembly and will no doubt be tested by other parties, too. When taking things forward as far as we can, we will not go down any cul-de-sacs or go off on excursions and diversions that only distract us from the real primary task—the key job—of delivering what the people voted for when they voted for both the institutions of the Good Friday agreement and all the parties since then, because they voted for all the parties to take the powers available to them according to their mandate in the context of the institutions.

Of course, the key question is whether the Bill offers a definite path to restoration, or simply a temporary, dead-end talking shop. Given what we have seen and heard to date, it might offer either. There could be a path to restoration because if the Assembly elects a First Minister and Deputy First Minister and runs d'Hondt, and if everyone takes the pledge of office, the Secretary of State, under the Bill, must restore the institutions. We would welcome that. We want those things to happen, so we will be there for the Assembly proceedings to try to make that happen.

On the other hand, the Secretary of State has power to refer "such other matters" to the Assembly as he "thinks fit". That was dealt with by the two Governments in a statement earlier this month and last week in Parliament by the Secretary of State, who said that the Government would "take account" of motions passed with cross-community support on matters such as water rates and the review of public administration. What confidence can parties or the public have in such variable indications from the Secretary of State, when the Government have consistently failed to respect the combined will of parties on a cross-community basis on water rates, industrial de-rating and the review of public administration? They ignore clear and manifest views outside the Assembly, and it appears that the Secretary of State has given himself and Ministers the right to continue to ignore such views, even within the Assembly as constituted by the Bill. It has not been clarified whether "take account" means abiding by the express cross-community will of the Assembly.

We have tabled a probing amendment to give the temporary Assembly a power by cross-community vote to veto orders, effectively giving it the power of negative resolution on a cross-community basis. If the Secretary of State wants to encourage us to believe that we will have a meaningful and effective role in the Assembly, I look forward to his accepting our amendment. Earlier, he said that if the Assembly were not restored in November, proceedings would begin to wind it up. He said that allowances would be stopped, and referred to people being paid for not doing their job. He should remember that many Assembly Members did not cause suspension or choose it. Some of them even gave up better-paid jobs to take elected office, and they have lost out ever since. The Secretary of State does not impress anyone by talking in dismissive terms that many people find insulting.

Some of us submitted proposals more than two years ago that would enable us to do a full job as a legislative assembly. We would oversee the work of Departments, control the budget and deal with legislation. We would not have direct rule. Even if parties would not form an Executive, local people would act as accountable Ministers. Our proposals would therefore enable us to do what we were elected to do and what we are paid to do. However, the Government and others made sure that that did not happen, so the wagging and pointing of fingers are not particularly helpful.

I concur with the hon. Member for North Down (Lady Hermon) in taking issue with the postponement of elections. Bizarrely, only last month, the Secretary of State said that power was needed to bring the date of elections forward to cement progress. Now, however, he says that power is needed definitively to postpone the date of elections to cement progress. I have a funny feeling that, whatever happens, the Government will revisit the issue, because if the institutions are restored someone will engineer an election before May 2008, as the way in which the institutions work means that they will be in a position to do so.

We do not believe that the timing of elections should be rejigged at will. Like others, we opposed the postponement of elections. We opposed the original four-week postponement in May 2003, and certainly the second, longer postponement. Others were loud in their opposition to postponement, but they are silent now. I wonder how far the new date reflects any other agreement or understanding that the Government now have.

Restoration is the big challenge that we all face. As the right hon. Member for Torfaen (Mr. Murphy) reflected earlier, the important principle for all of us must be that we as elected representatives and as democrats share responsibility for governing our affairs now and into the future.

In the previous experience of devolution, institutions worked. People had their doubts about whether the inclusive arrangements could work. People had their doubts about whether the need for cross-community support on matters as basic as budgets and programmes for government would work. It would be a tower of Babel, there would be gridlock and it would all fall apart. The fact is that it worked, even when not all Ministers were in the Executive, and so on.

The Government and all parties in the House, including the Liberal Democrats, need to remember that there were no issues to do with the working of the institutions that caused suspension. Suspension did not come because of how strand 1 works, how strand 2 works or how strand 3 works. Suspension came because of issues outside the institutions.

Parties and Governments are on a dangerous course if they are inviting people to go through a menu of preconditions relating to changes to the workings of the agreement as further preconditions for restoration. If the issues that caused suspension have been dealt with and are out of the way, we should be on course for restoration, but the idea that we are undertaking a pub crawl of preconditions to change this bit of the agreement and that bit of the agreement to satisfy the Democratic Unionist party mandate is a dangerous misadventure.

[Mark Durkan]

I fully respect the DUP's mandate. I want the DUP to have everything to which it is entitled for its mandate under the Good Friday agreement, and that is a lot. I have never tried to deny the DUP what it is entitled to under the agreement. However, I will not accept the rest of us being denied what we are entitled to under the agreement. The DUP has rights under the Good Friday agreement. It does not have rights over the Good Friday agreement.

With regard to changes in the workings of institutions, that can all happen in the context of restoration and the DUP will be in a very strong position, whether in reviewing the agreement or in a working Assembly, to help to oversee changes and adjustments in the workings of the institutions. Indeed, we, the Social Democratic and Labour party, have proposed many changes and adjustments in the working of the Assembly, the Executive and so on. There is a difference between making those adjustments in the context of working institutions when everyone has confidence in each other's position, and granting gratuitous changes to the agreement as a precondition for restoration.

Mr. Donaldson: Changing the resignation of the Deputy First Minister.

Mark Durkan: I never did it.

Mr. Deputy Speaker: Order. I ask hon. Members not to engage in obtrusive sedentary comments. It does not help the debate.

Mark Durkan: Thank you, Mr. Deputy Speaker.

In his remarks the Secretary of State spoke of the prospect that would ensue if the current course did not work out. As he put it, the curtain comes down on the process since 1998. In a statement last week, he spoke of closing the book on devolution. The Government need to remember that in present circumstances and in what unfolds in the next few months, it could be in some people's interest to see the book closed on devolution or the curtain coming down on the process since 1998, if that allows them to say that the curtain has come down and the book has been closed on the Good Friday agreement.

I am not sure that parties are as afraid of the suggestions from the Secretary of State as he might think they are. That outcome might suit the purposes of some parties. It is also clear that parties are not frightened by the prospect of a so-called alternative coming from the two Governments in that context. I am not sure that parties believe that the Governments will be able to muster much of an alternative at the end of the year, depending where the Prime Minister might be, as the Irish Government are on a count-down to elections. The search for a so-called alternative would lead only to confirmation in the eyes of some that the agreement had been abandoned or set aside. Such a situation might suit them. We might not have an agreement as a given. We might not have the restoration of the Assembly as a given—the Government have made it clear that they do not think that it is a given. It might be that the only thing that we have in Northern Ireland as a given is seven super-councils. That will involve the balkanisation of Northern Ireland, which is repartition in waiting. There will be three green councils, three orange councils and Belfast, where there will be all to play for.

When the Secretary of State talks about the possibility of writing off a political generation later this year, he must be careful, because we could end up with a choice that no one has advocated, no one has asked for and nobody has voted for. Over the coming months, we face a choice between two futures. People voted for one of those futures, which will respect and accommodate the mandate of everyone, including people who did not vote for that dispensation. If one listens to the Government, we face the reality of seven super-councils, in which case parties will adapt to the situation and seek to build up their power bases in a divided and politically sterile Northern Ireland.

3.56 pm

Rev. Ian Paisley (North Antrim) (DUP): This Bill provides for an Assembly in Northern Ireland, and my party and I welcome that. This proposal is in line with our suggestion, which we put to the Government earlier this year, that there should be a phased approach to the return to devolution, and I believe that the Bill presents a chance for that to take place. We have made it clear that the conditions are not yet right to see the restoration of the Executive, but we believe that there is important work that the Assembly can do. I welcome today's contribution by the Leader of the Opposition on IRA-Sinn Fein.

The Northern Ireland people will not have full time in this debate because of the regulations of this House. I am allowed to speak for only 15 minutes, although I am the leader of a party that has nine Members. That is the fairness of this great democratic body that I am addressing.

We have made it clear that the conditions are not right to see the restoration of the Executive, but there is important work for the Assembly to do, and this Bill can help us to do that work. Such work can contribute to the conditions which could see the Assembly-proper returning, and it could also give the Members of the Legislative Assembly an enhanced role in helping to shape decisions in Northern Ireland. I do not think that MLAs should be despised, because they made a case to the electorate and some of them put their lives on the line to get elected. I salute them for their work, particularly in local areas in Northern Ireland.

Many areas of Government policy in Northern Ireland urgently require attention. The direct rule Administration is on the wrong track on some important issues. In some areas, I believe that it is possible to achieve a measure of consensus between all the local parties, which will make it difficult for the Government to ignore our views. However, the big question is whether the Government ignore or accept our views. They have been lecturing us on our ethical standing, but what is their ethical standing? If a majority of MLAs say no to some of the proposals that they have put their shirt on, what will they do? They must face up to their ethical responsibility.

The Assembly must not be allowed to be a mere talking shop—it must produce goods that the people can examine and say yes or no to. The constitutional nationalists say that they want to see the return of proper devolution. They told us that they love us and want to put their arms around us—that they want us to be with them—yet they called us a bunch of rogue Ministers. The Bill gives the Secretary of State the power to determine standing orders and to allow the Assembly to deal with matters as he sees fit. However, woe betide him if he tries to gag the Assembly. Its Members must have the freedom to speak their minds.

There are regional rate rises of 19 per cent. in Northern Ireland, and the future of our education system is being decided. The Minister says that a majority of people in Northern Ireland are in favour of his education system. He clearly does not know what is happening in Northern Ireland, because there is no such majority. I am speaking for Roman Catholic and Protestant constituents, and for Roman Catholic and Protestant schools. Let not this House be bluffed that the education system presented by Ministers is acceptable to Northern Ireland—it is not acceptable at all, and well the Minister knows it. No wonder he smiles and his glasses are about to fall from his face.

I should like all the constitutional parties in Northern Ireland to put their shoulders to the wheel in the Assembly and make it a real motivating factor among the people of Northern Ireland. I should like it to determine and bring in changes. The Government have said that the Bill is structured so that 24 November will be the deadline. Let the House understand this: that does not destroy the original Assembly; it is still there and it will go on. Let me also say that I do not believe that people who have no say in Northern Ireland, do not live in Northern Ireland, and cannot even pronounce the names of the towns of Northern Ireland properly should decide our future—the people of Northern Ireland should decide that.

The people of Northern Ireland are told that there is a deadline, but it is the Government's deadline, not the Ulster people's deadline. I am enraged by the fact that as a Unionist I had to wait for years while both Governments talked to Sinn Fein, pleaded with it, handed it money, and tried to bribe it, while the Unionists were ignored. Now I am told that the deadline is 24 November. I do not know of any Member of the Assembly who went pleading for money and asking for £11,000 for their hip pocket. I wish the Minister would tell us who these people are, because there has been no outcry. I have told the Secretary of State that he does not need to threaten us by talking about money: nobody is asking for his money. We are not going to crawl. The people of Ulster can look after themselves, and they do not need these Ministers to say, "You're depending on me but you'll not get your money." That is a funny sort of direct rule.

It is the IRA that needs to change. If the IRA changes from its criminality, terrorism and threats, it will be received in the Assembly on the very same basis as anybody else. I will not say anything about its roguery. We have been called rogues but we shall not say anything about it. Let the IRA repent and

"Bring forth therefore fruits meet for repentance."

Then we can all move forward in Northern Ireland to the sort of Government that we want and that Northern Ireland deserves.

The Government should ask themselves whether, despite all the progress they say that they have made, even one large paramilitary organisation has closed down. The answer is not one. They should not therefore come to us and tell us another story. The story is that not one has closed down. I want them all to close down and all the parties to stand on the one, same basis—that of democracy.

The Prime Minister said to me in the House that all violence must be done away with

"in a way that satisfies everyone and gives them confidence that the IRA has ceased its campaign, and enables us to move the democratic process forward, with every party that wants to be in government abiding by the same democratic rules."—[*Official Report*, 27 November 2002; Vol. 395, c. 309.]

I want that and it is what the people of Northern Ireland want. That is building on a sure foundation, not a sham rock. Let us lay a foundation that will last and run the course, not only to the twenty-fourth of some month. Let us create a solid rock of democracy on which we can build for the future. Let us encourage the people of Northern Ireland to enter into proper negotiations on a proper democratic basis so that our problem can be properly resolved.

No one is losing faith in Northern Ireland. The spirit of the Ulster people is stronger than ever. I believe that we can see something out of this that will bless our children and our children's children.

4.7 pm

Mr. David Anderson (Blaydon) (Lab): Unlike my right hon. Friend the Member for Torfaen (Mr. Murphy), I had the great privilege of having a mandate from some of the people of Northern Ireland. In September 1993, I stood against a good colleague from Omagh to be elected as the first national chairman of Unison's national policy committee. That mandate was renewed biannually as I stood as a representative of local government workers in Great Britain and Northern Ireland. Part of my remit at the beginning of that term was to bring together the three partner unions that had merged two months previously and to reconcile their different views on organising in Northern Ireland.

One partner union basically believed that there was no role for our union to organise in a non-united Ireland. It had refused, as a matter of principle, for more than 60 years to organise there. Another believed that members in Northern Ireland should be left alone and not influenced in any way by decisions that we made in Great Britain. The third partner was somewhere in between. To confuse matters further, the two partner unions that had organised in Northern Ireland were affiliated to the British Labour party, even though it did not organise there. The one partner that did not organise in Northern Ireland was not affiliated to the Labour party.

To say that emotions were strained is an understatement. Feelings ran high and people with long-held, passionate beliefs were not prepared to change easily just because some canny lad from Geordieland wanted them to change. However, through hard work and positive engagement, we developed a process that

[Mr. David Anderson]

led to my union being one of the first organisations in Northern Ireland to sign up to the Good Friday agreement, despite some serious reservations.

We achieved that by refusing to accept the concept of partisanship. We coined the phrase, "non-partisan agents of change", which we would be. We developed an agenda that did not take a position on the constitutional arguments. We refused to be drawn into the argument between those who wanted a united Ireland and those who were committed to ensuring that that never happened. We chose instead to focus on issues that reflected the day-to-day lives of our members—the working people of Northern Ireland.

We supported civil rights issues from all sides and worked with the often-ignored ethnic minority community in Northern Ireland. We argued for security at work and for better terms and conditions, and against the privatisation of jobs. We acted as a catalyst for people to come together. We shared experiences with other parts of these islands that were seeking to develop their own devolution and self-determination. We put peace and stability on the agenda of the Labour party and we supported politically, practically and financially the work of the shadow state of Northern Ireland while Labour was in opposition. We promoted the equality agenda and condemned attacks on innocent people at home and at work.

We did what many in this Chamber did: we did our best. In particular, we tried to bring people together. We engaged with various political parties and one of my proudest moments was in early 1996, just five days after the Canary Wharf bombing, when we hosted a weekend seminar in Newcastle, County Down. Representatives of almost every political party in Northern Ireland came and talked about trying to develop a shared future. I am very proud of the work that we did in those years and of the attempts that we made since 1998 to push for a place in which the members of my union could live in peace and security.

We welcomed the Good Friday agreement as the best deal on offer in 1998 and as a step in the direction away from the path of self-destruction that had been trodden for the previous 30 years. The lack of success since that time has been frustrating for people in Northern Ireland and for the members of my union, and we in the House must do all that we can to start the process to allow those people to move forward again. I am not so naive as to believe that that will be easy, but I am realistic enough to ask, "What other option do we have, if we do not pursue this one?" People are likely to ask, "Why should we not see power back where it belongs? Why should not our elected representatives do the job that we gave them to do? Why should we go on paying out public money if we are not getting the representation that we need and deserve?"

Sadly, this process has been neither happy nor straightforward, but things are getting better, as everyone here today has conceded. I can remember when Belfast was almost a no-go area for people from Great Britain. Now, at weekends, there is an immense transfer of people from my part of the country to Belfast, and vice versa. It is almost impossible to get a plane from Newcastle to Belfast or vice versa on a Friday night, and thank God for that. In economic and security terms, we have seen a massive change, and we should all be proud of that. We should acknowledge, however, that we have much more to do.

People are engaging in the process, and it is great news that some hon. Members attended the British-Irish Inter-Parliamentary Body this week. They went and made their case and played their part, and I hope that they will continue to do so. It is also good news that the IMC report has given us some hope that things have improved, and that the leadership of the Provisional IRA is committed to a peaceful path and is trying to stop its followers engaging in criminal activity. Let me make it clear: the leadership must realise that those involved in crime and terrorism are not welcome in our democratic institutions, and it must do everything in its power to ensure that they do not become involved in that way.

Let us also move away from the debate about saying that the organisations should sort out their criminal malcontents. Let us give our security forces the message that they should be doing that. They should act decisively against those who are identified as being engaged in criminal activity. The organisations that want to become involved in our democratic institutions should help the police and the security forces to carry out that work. That is part and parcel of the job of being a democratic politician.

In every dispute, every war and every battle, the time comes to move on. That time is now. Unlike most disputes, wars or battles, no one has clearly won this one, although many people have lost so much that it is untrue. But we must make progress. The choice is ours. The debate is about all of us, not just about Northern Ireland.

Gordon Banks: I come from a Scottish constituency where we have enjoyed devolution since 1999 and seen the real benefits of it. Does my hon. Friend agree that this is a real opportunity to deliver to Northern Ireland the benefits that the rest of these islands have enjoyed since 1999, and that such an opportunity should not be missed?

Mr. Anderson: I certainly agree with my hon. Friend and I wish that the people of the north-east had been given a chance similar to that which Scotland has enjoyed and that has been on offer to our friends from Northern Ireland today. Had we be given such a deal, we might have voted for it.

We must accept our responsibilities. In doing so, we must accept that we do not always get what we want. I say to Members of the House that we should take up the challenge, make it happen and make it work. The alternative is the continuation of direct rule, with which everybody, I believe, is unhappy. We can give my former colleagues and some close friends much greater control and say over the way in which their lives are directed. Since I entered the House, the Northern Ireland Affairs Committee has discussed constantly how direct rule stops the things that ordinary people believe in happening. I am not happy that, at times, we do things that are not the wishes of the Northern Ireland people. If we move forward in this way, it will give them a much greater chance and say to influence their lives and those of generations to come.

4.15 pm

Sir Patrick Cormack (South Staffordshire) (Con): I am delighted to follow the hon. Member for Blaydon (Mr. Anderson), who serves on the Select Committee and has a real and deep affection for Northern Ireland, which is obvious whenever one travels there with him.

I am also glad to be the first Opposition Member to speak after the right hon. Member for North Antrim (Rev. Ian Paisley), who made a highly significant speech, as people will realise when they read it in *Hansard* tomorrow. He and his deputy, the hon. Member for Belfast, East (Mr. Robinson), have both contributed significantly during this month. My hon. Friend the Member for Aylesbury (Mr. Lidington), who spoke eloquently from the Front Bench, referred to the two speeches made by the hon. Member for Belfast, East, one in the United States on 6 April and the other at the British-Irish Inter-Parliamentary Body on Monday. The substance of the speeches of both the leader and the deputy leader of the DUP was that, for all the difficulties that they face in doing so, they are prepared to sit down with and serve with those of very different political persuasions so long as those people play by the democratic rules and make it abundantly clear that that is what they are doing.

I, like the right hon. Member for North Antrim and my hon. Friend the Member for Aylesbury, support the Bill. I wish the Government well over the next few months. I hope that the negotiations will succeed. I am worried about deadlines—I realise that they must be there, but I would rather have the end of the year than 24 November. People in the rest of the United Kingdom do not fully face up to the difficulties that there will be and the daily burden of those who practise democratic politics in Northern Ireland if there is to be a restored Assembly. Those daily burdens have been referred to obliquely in this debate in many ways.

First, as I said in Question Time today—and the Secretary of State agreed—it is inconceivable that anybody who is engaged directly or indirectly in criminality should be involved in the government of any part of the United Kingdom, whether this House, a district or parish council or a devolved Parliament or Assembly. It is absolutely crucial that those who say that they have renounced the bullet for the ballot box prove that in every possible way.

Like the Secretary of State, my hon. Friend the Member for Aylesbury and the former Secretary of State, the right hon. Member for Torfaen (Mr. Murphy), who spoke splendidly earlier, I greatly welcome today's IMC report and what it says. However, we must not make the mistake, because we are encouraged by the good bits, of neglecting the others. There is a clear indication in that report that leading figures on the undemocratic republican side, while they might have renounced terrorism and engaged in a massive act of decommissioning—the latter I accept, and the former I hope that I can accept—are still benefiting from the ill-gotten gains of some pretty horrendous crimes and are still involved in those crimes. It would be wrong for me, as Chairman of the Select Committee, to pre-empt a report that has not yet been drafted, let alone published, but there are several members of the Committee in the Chamber who have listened with me to evidence that we have received from a variety of people and organisations. Some has been heard in public and some in camera because of its sensitivity. We have been told clearly that there are those who have been involved with IRA-Sinn Fein who are deeply implicated in acts of criminality, who have been so implicated in the recent past and almost certainly are at present.

There must be an absolute renunciation. When I intervened on my hon. Friend the Member for Aylesbury to say that the best thing that Sinn Fein could do would be to disband the IRA, I meant what I said. That would send those who want Northern Ireland to have a proper democratic future a real signal that Sinn Fein was indeed seeking to turn its back on the past.

We cannot make hatred history—which is what we must do in Northern Ireland—we cannot engender trust, and we cannot properly embrace the doctrine of forgiveness in which the right hon. Member for North Antrim made clear that he truly believes unless there is a proper understanding that those who wish to sit down with the Social Democratic and Labour party, the Democratic Unionist party and the Ulster Unionist party are putting themselves in a context of what I would call democratic equality.

Even when that happens, there will still be real difficulties in making the Assembly work. The right hon. Member for Torfaen touched on them, amusingly, when he said that he would find it difficult to enter into a coalition with Tories or Liberal Democrats. I would find it difficult to enter into a political coalition with friends—of whom I have many—on the other side of the House, not because I do not trust them and not because I would for a moment impugn their democratic credentials, but because we have very different political beliefs. Yet we in the rest of the United Kingdom are asking the democratic parties in Northern Ireland to sit down with Sinn Fein, whose political beliefs—as I said earlier—are inimical to those of most of us in the Chamber, wherever we come from. Sinn Fein's economic and education policies are closer to those of Cuba than to those of the United Kingdom.

Mr. Donaldson: They are Marxist.

Sir Patrick Cormack: They are indeed.

Because of the demography of Northern Ireland and the sad history of recent decades, we recognise that we must try to find an accommodation and work with those people. The least that we can expect is for them to behave in the same way as Marxist parties in some democracies—although not many—in other parts of the world.

We are asking a great deal. I make a plea to the Government on two fronts. I understand why the Secretary of State cannot be present, and I hope that the Minister, who is diligent, will relay my points to him. First, while I accept the firmness of the Government's intention and wish for a deadline, I think that it would be sensible to make it the end of the year. Secondly and more important, I think that it would be sensible, if we are to plead with the parties in Northern Ireland to work

[Sir Patrick Cormack]

together, to refrain from any unnecessary Orders in Council in the House, at least until the November deadline specified by the Government.

Several speakers, including the right hon. Member for Torfaen, referred to the reform of local government. At the moment, this House is imposing on the people of Northern Ireland a democratic local government structure that none of the democratic parties wants. It is clear to me from my many conversations with people in Northern Ireland that there is an acceptance that there are too many local authorities. But there is an equal acceptance among most to whom I speak that seven authorities is too few—an acceptance of the logic of the argument of the hon. Member for Foyle (Mark Durkan) that such a structure runs the risk of polarising Northern Ireland for generations into, "Three green, three orange and Belfast." Such a structure cannot be good if we truly want a Northern Ireland that works together.

Frankly, it was very undemocratic of the Secretary of State to dismiss such worries when he was intervened on by saying that business people and various groups want such a structure. Northern Ireland's elected politicians, who are playing a part in the democratic structures of this House, do not want it, so I beg the Minister to put that proposal on ice and to say, as a real encouragement to those who would participate in a proper and fully functioning Assembly, "We will not impose on you a new local government structure if you can get your act together by the deadline."

I also hope that the same will prove true of education. I accept that unanimity among the parties on this issue does not exist; indeed, it is clear from the evidence that my Committee took, and from talking to people, that there is division. There is probably a majority in Northern Ireland who do not want the change that the Government are seeking to impose, although there seems to be a general recognition that the form of the 11-plus could be altered. However, we should let the Assembly get its teeth into this issue and deal with it. As I said in a jocular aside to the right hon. Member for North Antrim, I am not sure that this House should even be passing water until 24 November; there again, there are deep divisions in Northern Ireland and real concerns. *[Interruption.]* Perhaps that is what the right hon. Gentleman, who is no longer in his place, has gone to do. *[Interruption.]* That was indeed a very indelicate remark.

I urge the Minister to recognise that we are dealing with a number of issues that will affect the daily lives of the people of Northern Ireland for generations to come, and that we are anxious to have an Assembly that represents, is elected by and is answerable to them. Should not that Assembly have the same freedom to decide on such issues as the Parliament established in Scotland and the Assembly established in Wales? If we all mean business, there will have to be give and take on all sides. The absent ones in this House—the Sinn Fein Members who do not take their seats—have got to prove their democratic credentials. I would like them to be here, but if they will not come here, they should at least make the absolute and total renunciation that I have talked about. I say to the Unionist parties—and to the Social Democratic and Labour party; I well remember the bravery of Gerry Fitt—that those who have suffered at the hands of gangsters and terrorists will have to sit down with those who have been gangsters or terrorists, or who supported them. A lot of give and take is involved.

We in this House must be prepared to say, "We are going to draw back from interference and domination while you have this period to sort yourselves out." That is not too much to ask of the Government—it is not too heavy a price for them to pay—in order to preserve a truly bipartisan policy. I am very pleased that we in the Select Committee do not divide on party lines. I hope that we will not, and that this House will not do so today or tomorrow. I very much hope that the Secretary of State's wishes will be fulfilled, but I ask that he show the degree of caution and tolerance that is necessary if we are to have a real chance of achieving success on 24 November.

DEFERRED DIVISION

Mr. Deputy Speaker (Sir Alan Haselhurst): I have now to announce the result of a deferred Division.

On the motion relating to Northern Ireland, the Ayes were 262, the Noes were 184, so the motion was agreed to.

[The Division Lists are published at the end of today's debates.]

Northern Ireland Bill

Question again proposed, That the Bill be now read a Second time.

4.30 pm

Huw Irranca-Davies (Ogmore) (Lab): I am pleased to speak, if only briefly, in this debate. I wish to take the opportunity to make a few comments, but I shall begin by welcoming many of the speeches that have preceded me, not least the speech by the right hon. Member for North Antrim (Rev. Ian Paisley). All the speeches so far have been characterised by courage and leadership. I represent a constituency with no historical affinity or great links with Northern Ireland—although I have spoken regularly on Northern Ireland matters—but the contributions have filled me with great optimism. While a long journey remains to be made, I and other colleagues are greatly encouraged.

There are enormous reasons in Northern Ireland politics for the long history of distrust on all sides and they are measured in the incidents of violence and the atrocities that have been perpetrated, which we all condemn. Even recently, there are reasons to extend that distrust further, such as the recent history of bank raids and the failure to sign up properly to the changes to policing and the criminal justice system. Even in the welcome report by the IMC today, we see paragraphs on the dissident republican groups and loyalist paramilitarism. Despite that, as the hon. Member for Aylesbury (Mr. Lidington) mentioned, we are today considering a leap of faith. However, that leap will not be taken completely in the dark: it is based on evidence.

We can begin with the IRA statement on 28 July, in which it clearly signalled the end of an armed campaign. The history of Northern Ireland suggests that we should view that with distrust, but it is a significant issue on its own. The IMC report noted, despite reservations in certain areas, a sea change in Northern Ireland politics and the willingness of groups to lay down the gun and subscribe to the democratic process.

Indeed, the greater peace and prosperity in Northern Ireland is illustrated by the story of Belfast itself. My wife now regularly travels to Belfast for her "away day" with fellow wives, but only 10 or 15 years ago that would have been almost inconceivable. Belfast is now one of the destinations to which people aspire to travel to spend time in, not least because of the welcome received and the friendliness of the people there.

The Bill is a question of faith, and that also applies to the Government. Ministers have the strong belief, which I share, that if they pass the ball firmly across to the politicians of Northern Ireland, they will run with it and deliver. I am encouraged by this debate and I believe that the ball will not be fumbled or dropped. There is every hope that in the ensuing months we will see not simply an Executive, but—despite the worries about a talking shop—a fully functioning democratic institution with a mandate, so that Assembly Members can deliver their promises and make their judgments, instead of that being done by the MP for Ogmore and others like me. That is what I hope for today.

There will always be thousands of reasons to hesitate about making progress in Northern Ireland. The only reason for making progress is that that is what will benefit the wider population there. Politicians—whether they belong to the Assembly or the Opposition—know that what happens to them is less important than delivering peace and prosperity in Northern Ireland. The Bill is an essential step in that endeavour.

I hope that members of the DUP, the UUP, the SDLP and other parties will use the proceedings of today and tomorrow to take matters forward. History will not say that they sold out or that they were backsliders; they will be remembered as statesmen and stateswomen with courage and vision in difficult times. These difficult questions are not for political journeymen, and the right hon. Member for North Antrim was correct to say that we must look beyond the horizon. I have every hope that we can move forward today.

It would be unfair of me to finish my brief remarks if I did not pay tribute to those who have brought us to this point. Former Secretaries of State, both Labour and Conservative, have made important contributions, and members of the UUP, the DUP, the SDLP and other parties have taken incrementally courageous and painful decisions to get us to where we are today. I look forward to the day when my right hon. Friend the Member for Torfaen (Mr. Murphy) can celebrate a very good birthday, when his present will be that the political institutions in Northern Ireland are in place and running effectively, led by Northern Ireland politicians.

4.36 pm

Mr. Peter Robinson (Belfast, East) (DUP): It might be useful if I begin by saying that my colleagues and I have entered into a pact; we will speak for no more than 10 minutes each, so that all hon. Members who want to contribute to the debate can do so. That shows that concessions are being made already. *[Laughter.]*

We do not intend to vote against the Bill getting a Second Reading this evening, even thought it is not everything that my party would want. Many elements could be improved, although we recognise that there are time constraints. I share the concerns expressed by the hon. Member for North Down (Lady Hermon) that this measure should be renamed and that, instead of being called the Northern Ireland Bill, it should be called The Secretary of State for Northern Ireland Bill, as it seems to give him enormous powers.

Mr. Deputy Speaker has just announced the results of last week's deferred Division on Northern Ireland delegated legislation. That vote came after two days of Committee debate on the Floor of the House on the Northern Ireland (Miscellaneous Provisions) Bill, when there was widespread criticism of how legislation is handled here. There were calls for a much greater degree of democracy in the process, yet this Bill gives so many powers to the Secretary of State that the person who holds that office will be a virtual dictator.

I am not talking about a particular individual when I say that, as I would say the same regardless of who was Secretary of State. However, when the Government are unsure of what the future holds, they give powers to the Secretary of State for Northern Ireland in a way that would not be acceptable in any other part of the UK. We must move away from that practice.

This Bill arises from a joint statement by the Prime Ministers of the UK and the Republic of Ireland, paragraph 10 of which implied that certain threats would

[Mr. Peter Robinson]

be made real if the parties in Northern Ireland did not meet the deadline set. The threat was that some form of partnership would be established between the two Governments—indeed, the statement actually contained the word "partnership"—and that it would go beyond their present relationship.

I think that that would be damaging. I advised the Government and their officials before the statement came out that that was not the route to take. Ulster men and women do not respond well to threats; I think the Secretary of State is beginning to learn that lesson, although sadly a little too late.

I welcome what the Secretary of State had to say in the House today. I suspect that he will have to say it an awful lot more to convince people, but I believe that it is imperative that the Secretary of State makes it very clear that he will not move away from the principle of consent. The Government cannot argue that they are abiding by the statement in the Belfast agreement, which is, we are told, confirming the principle of consent, and in the next breath indicate that they have intentions to allow some form of joint management or joint sovereignty or joint authority to come after 24 November.

The role of the Assembly is one of the areas where the Government have not gone as far as this party would have asked them to. Like the hon. Member for Foyle (Mark Durkan), we wanted an Assembly that was going to be able to take decisions. We do not want a talking shop; we want to come to agreements and to have those agreements implemented. That arises out of our document "Facing reality", which recognised that for the immediate future it would not be possible to set up an Executive in Northern Ireland and that therefore in the meantime, however short or long that might be, the Assembly should be doing some productive work and the highest level of devolution should take place consistent with the circumstances.

I certainly agree with the very eloquent and thoughtful remarks made by the hon. Member for South Staffordshire (Sir Patrick Cormack) that the Government do need to go a little further than simply saying, "we shall take into account what the parties in Northern Ireland have said". It would be a travesty if the parties in Northern Ireland were to reach an agreement in that Assembly, for instance on water charging, and the Government failed to give it life. Perhaps the hon. Gentleman's humour was lost on those who were not there for the earlier part of the debate, and they may have wondered why he was restricting Members from passing water, but I think that the Minister who is replying to the debate would do well to take up our challenge to him and his colleagues.

I hope that the hon. Member for Foyle and his colleagues will join us in testing the Government on these issues, because I would like us very early in the life of that Assembly to knuckle down to some of the issues that have been referred to, whether it is water charging, or education, or the review of public administration, or the rating system or even how we might handle the economy, and reach agreements on those, and put them to the Government to see what they will do in those circumstances. I say to the Government, if they fail to give life to agreements that are reached in that Assembly, they will dent, if not destroy, the credibility of the Assembly, and indeed the purpose of any of us being there. So I hope that the hon. Member for Foyle will join us in testing the Government and seeing just how far the definition of taking account of what we have to say in the Assembly will go.

Likewise, following on from that, I want to make it very clear that there cannot be a move towards executive devolution—leaving aside the issue of paramilitary and criminal activity—until such time as changes are made to the Belfast agreement. My colleagues and I have a fundamental issue about the structures that arose out of the Belfast agreement. That is not simply because we produced policy documents and manifesto commitments and they are binding on us, but because of what we believe—that there are issues in relation to the stability of the Assembly, accountability within the Assembly, and the efficiency and effectiveness of that Assembly, that have to be addressed. We addressed those issues back in 2004 in negotiations that we had with Her Majesty's Government and we asked for changes to be made.

Some of the changes in the comprehensive agreement were not exactly as we would have had them be. Improvements could be made; indeed, some improvements could be made that might bring it more into line with some of the thoughts of the SDLP, but those changes will have to be made or there will never be any prospect of us moving into an executive form of devolution if it relies on the support of the Democratic Unionist party.

We are a party with a mandate that is opposed to the Belfast agreement. These are essential changes that need to be made in order that progress can be made. I think the Government understand that; I just hope that other parties in Northern Ireland understand that. In many ways they were catered for to some extent in the comprehensive agreement proposals.

The hon. Member for South Staffordshire referred to the picking and choosing of the IMC report. Everybody who believes in democracy and peace in Northern Ireland will welcome progress on ending paramilitary activity. When we reflect on the early 1970s, we recall that more than 470 people were murdered in a 12-month period, in a small community of about 1.5 million. Only a fool comparing that picture with the current situation would say anything other than that there has been significant progress, but the Secretary of State and the Minister should not expect to hear applause from the Democratic Unionist Benches. We do not believe that 470 people should have been killed in the first place, so we find it difficult to give credit to people because now they are not killing our fellow citizens in Northern Ireland. That is why there will be no cheers from our Benches.

At the same time, we can acknowledge that there has been progress, although as the hon. Member for South Staffordshire said, there is still progress to be made. We cannot simply take the parts of the IMC report that say this or that is better without also considering the untied things that need to be tied down—the grey areas that must be dealt with—so it is essential that the Government do not send out a signal to terrorist organisations saying, "You've really done enough". The message must be clear: there is more to do.

If the process is working, let us continue with the strategy that it is up to the IRA to finish the course. My colleagues and I deserve considerable credit for the strategy that we proposed, because the previous one was to bring in the IRA and to allow its members to have their cake and eat it. That is exactly what they did; they had their cake and they are still eating it. When the Minister responds to the debate, I hope that he will express greater urgency about the IRA finishing the course, rather than marking time as it is doing at present.

4.47 pm

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): Like other Members, I welcome the tantalising glimpse of restored power in Northern Ireland, possibly by 24 November.

As Democratic Unionist Members are limiting their speeches to 10 minutes, I shall try to do the same, in a spirit of collaboration and co-operation. I want to focus on some of the benefits of devolution and what it could mean for Northern Ireland.

The Government have introduced devolution in Scotland, Wales and London. I was one of the 25 members of the original London assembly elected in 2000 and am one of only 34 assembly members to date. We are the smallest city government in Europe, a contrast with the Northern Ireland Assembly of 108 Members.

Local government was restored to London in 2000. I am on record as having many differences, at different times, with the incumbent Mayor of London; no doubt I and others will have differences with future Mayors, but I defend the institution, as I defend the principle of devolving power to the most appropriate level.

I want to highlight some of the benefits that we have seen in London, because the people of Northern Ireland could see similar benefits if the Assembly sets up an Executive and power is truly devolved. The main change has been in transport where there has been a real transformation. There has been a huge increase in bus services and a reduction in car travel, which could not have happened when such issues were run solely from Westminster. It was the power and will of a London Mayor who could make decisions for the whole city that made the difference. There is a whole-London approach and a strong political voice, with political power devolved to a wider city region.

One of the crucial decisions in which was London involved could not have been made without the devolution of power: the delivery of the London Olympics. There is an important parallel for Northern Ireland. Theoretically, such decisions could have been made through local government, but we could not have had the Olympics because no London borough would voluntarily have voted for a council tax increase of £20 a year for their residents. Whether or not we agree with the Mayor's decision, he was in a position to take it.

The parallel with Northern Ireland is perhaps the review of local administration and the current debate about the future of local government there. As it stands today, many small district councils and numerous public bodies run health, education and other public services. If regional government, the Assembly and the Executive are restored, the people of Northern Ireland will be able to take decisions that will deliver for the whole of Northern Ireland rather than for the individual districts or individual service areas. London has a population of 7.5 million, Northern Ireland about 1.5 million; but I firmly believe that both have the right to be released from the grip of Westminster control.

It is rather peculiar for me, a London Member of Parliament, to be in my place today taking decisions on Northern Ireland issues in a Chamber that is lamentably empty of the Members who will pass through the Lobbies if we divide tonight or on other occasions when we debate Northern Ireland legislation. It feels wrong that the people of Northern Ireland who elect their own representatives here, albeit only a handful in the House as a whole, do not have links to a directly elected Assembly in Northern Ireland.

Members have already debated the issue of whether it is right for the Secretary of State to suspend decisions on Northern Ireland between 15 May and 24 November. The hon. Member for South Staffordshire (Sir Patrick Cormack) made his point eloquently. As he rightly said, we often find ourselves in agreement in the Select Committee on Northern Ireland Affairs. I am not making a party political point, but I disagree with him on this matter. The Government cannot stand still in the way that the hon. Gentleman suggests. For example, if we suspended decisions on the review of public administration as he suggests, and if, in the worst case scenario, the attempt to set up the Executive failed, we would then be left with the variety of small district councils, which might be unable to take on some of the requisite responsibilities.

Sir Patrick Cormack: If it were delayed until November and if failure resulted at that time, all I am suggesting is that the Government would be entitled to proceed. I believe that it is right to leave it until then; I would rather it were a little longer, but at least until then.

Meg Hillier: I hear what the hon. Gentleman says, but even during the six-month period, we need to make progress. It is in the power of 108 Assembly Members to come together and take the decision. It is an opportunity for the Assembly to step up to the plate, set up the Executive and take the important decisions on education, water charges, the future of local government and public administration that need to be taken.

Select Committee members will recall that we visited Northern Ireland in connection with our brief foray into the reform of secondary education and the particular issue of the transfer test. I was struck by the number of parents who felt strongly about that issue. They and I felt disempowered. I was in a position, in a sense, to take decisions on their behalf, but they had no direct link to me. Their only electoral link was to a handful of Northern Ireland MPs, not to their own Assembly. I believe that the people of Northern Ireland now have the opportunity to gain a more direct electoral influence. As other hon. Members have said, that is extremely important.

Another contentious issue is the payment of the 108 Assembly Members. I heard the hon. Member for Foyle (Mark Durkan) explain his interpretation of the Secretary of State's comments as insulting to some of those Members. Many of them are carrying out good

[Meg Hillier]

work and genuinely representing the interests of their constituents as they stand. However, the people of Northern Ireland voted for their Assembly Members to do a job for them on the Assembly itself and to represent their interests on the Assembly. While hon. Members in the House and in other regional assemblies have a responsibility to provide support and casework, it is usually because we have a link with the body to which we have been elected. How this matter plays with the public in Northern Ireland is important, as 108 Members are being paid without any Assembly sitting. Wherever the fault may lie, that is the reality. The public's patience will wear thin if the problem is not resolved. They voted for an Assembly, not a phantom.

I tremble at the thought of this attempt to restore Executive power not working. We would then perhaps face the possibly of local government taking on more power, and I have had some interesting discussions with Members on a cross-party basis about what that could mean. Many of the quangos that are run effectively from Westminster and the Northern Ireland Office would continue and, of course, the hand of the Northern Ireland Office would still continue to run the services. I have no particular issue with my colleagues in the Northern Ireland Office. I see the Minister looking around nervously at me, but I hope that he would agree that it is not right that he should be making such decisions and that they should be made by the people of Northern Ireland.

Like the hon. Member for South Staffordshire and my hon. Friend the Member for Ogmore (Huw Irranca-Davies), I was heartened by the comments made by the right hon. Member for North Antrim (Rev. Ian Paisley). I felt that that was a momentous speech, and hon. Members will look back on this day and be privileged that we were here to hear it in person. He talked about having no deadline and the people of Northern Ireland deciding. I ask him and others who have this power in their hands to go into the Assembly and set up the Executive, and then the power will be in the control of the people of Northern Ireland and the parties that have those interests.

In many respects, I hope that this will be one of the last times in the House that hon. Members debate Northern Ireland issues and Executive decision making over the people of Northern Ireland and that; very shortly, those decisions will be made in Parliament Buildings, by the directly elected representatives of the Northern Ireland people.

4.56 pm

Mr. Gregory Campbell (East Londonderry) (DUP): In debating the possible future of the Northern Ireland Assembly, it is absolutely imperative that the Government and the Minister who will answer the debate understand what our community requires. It is not a requirement built on prejudice. It is not an excessive or extreme requirement, but it is a requirement that will not move. It is a reasonable requirement, which we demanded a considerable number of years ago. It remains steadfast today, and it will remain exactly the same at midnight on 24 November.

Our requirement is twofold. First, it relates to the Provisional IRA. The IMC report has been released today, and progress has been made. I make what I hope will be the very obvious and helpful statement that if we are making progress with democratising the IRA, we keep making that progress. If we are pushing those in the IRA in the right direction, we keep pushing them in the same direction. We do not ease up; we do not change tack; we do not legitimise them, but we keep pushing them in the same direction.

Therefore, if the tactics of a more recent vintage are working—unlike the tactics leading up to 1998 and subsequently, which patently did not work—the message is clear: we keep adopting the same tactics. If that takes until November or December, or November 2007 or 2008, we keep adopting the same tactics. We require the IRA to be gone, to be history, to be out of guns and out of business and to be finished and not coming back. That is the first aspect of what we require, and every reasonable person in Northern Ireland—both those who support the DUP and those who may come to support our party in future—will agree to that prerequisite.

The other thing that we require is an acceptable system of government. We need an acceptable system for the Assembly. That system was not provided in 1998. Some of the changes that we have seen—I hope that more are to come—are potentially the ones that we would require. The system would then be more accountable, more democratic and more responsive to the people of Northern Ireland. If those two eminently reasonable requirements were met—we hope that they will be—we would embrace devolved government, with all the democratic political parties playing their role.

The question is, by 24 November will Sinn Fein be the same as every other political party in Northern Ireland that is upholding democracy? My view is that it will not. In the midst of much lauding of what has happened to date, people may well think that there will be some sort of fast-forward process between today and 24 November. Methinks not, but I remain to be convinced. If the IRA goes into history in the next six months—as it has not over the past 37 years—that will be some fast forward, which I will welcome, and which will be widely welcomed by the community that we represent.

I hope that those two prerequisites will be viewed and welcomed by democrats everywhere. However, I want to urge another word of caution. In this House and elsewhere, some hon. Members have made statements regarding Sinn Fein's need to support the police. It would be foolish for people to say that a statement in support of the police by Gerry Adams, or anyone else in the leadership of Sinn Fein, would automatically mean that an organisation that has spent 37 years engaging in mayhem, murder and slaughter was suddenly democratic, by virtue of issuing that statement.

Sinn Fein needs to be in a credible position that allows it to support the police. Anyone can issue a statement. We have watched Sinn Fein as it has tried to reconcile what are supposed to be pragmatic elements in the republican movement with those who are less pragmatic. Allegedly, it has been saying different things to different elements in the republican movement. Why do people not believe that Sinn Fein would do the same with regard to the police? It could issue a statement of support for the police, but at the same time say to the backwoodsmen, who are allegedly supposed to be holding the process back, "This is simply a device to

allow us to corrupt the Policing Board from within and to ensure that the policing system falls apart." Sinn Fein must be credible in supporting the police. In other words, it must have divested itself of all aspects of criminality. Then, we would expect and demand a statement of support for the police, because Sinn Fein would be credible in offering it. I caution Members not to say simply, "Sinn Fein must issue a statement of support for the police." It needs to do much more than that.

Unfortunately, in recent weeks and months there have been approaches to members of my party that have seemed to indicate that the reasonable position that we are putting forward—and which we have put forward for years—is somehow perceived as a radical departure. There seems to be an idea that people who previously had horns—that is to say, members of the Democratic Unionist party—have gone through some form of metamorphosis, re-formed ourselves into democrats and are now suddenly reasonable people. It appears that there is some confusion. Members cannot seem to distinguish between having a reasonable position, which we have, and being utterly resolute and determined that we will give no inch or quarter to terrorists, murderers and those who would pollute democracy.

Mr. David Winnick (Walsall, North) (Lab): I intervene because the impression may be given that the DUP has some sort of monopoly on combating terrorism. We know how people in Northern Ireland suffered—no doubt DUP members, as well—but does the hon. Gentleman accept that the fight against terrorism was sustained in the House of Commons by those then on the Opposition Benches, as well, obviously, as by the then Government? Does he accept that those of us who had various views—very different from his—about Northern Ireland and its future, made clear from day one our absolute opposition to terrorism and our belief that neither the IRA, nor the loyalist paramilitaries, had any justification for the mass murder, the killings and the serious injuries that were sustained?

Mr. Campbell: I fully accept the hon. Gentleman's repeated opposition to the use of violence. However, I have to contrast that view with the propositions of various Governments who have accommodated terror. Unfortunately, there have been votes in the House through which people have tried to buy off terrorists, so I must contrast those two positions.

I must conclude, to allow other hon. Members to enter the debate. We all hope that progress can be made. We will knuckle down to getting to grips with important issues such as the reform of public administration, education and the water tax. People expect their public representatives to be dealing with all those matters, so we must, and will, deal with them. However, a crunch point will come, whether at midnight on 24 November or sooner.

That crunch point will be whether the elected representatives of the majority of Unionism are prepared to proceed into government with people who are still engaging in criminality and illegal activity, such as fuel smuggling and money laundering. When that crunch time occurs, there will be absolutely no doubt whatever about the response from this party. We will not enter the Executive if that is the position of those people at the time, or subsequently. What was wrong five, 10, or 15 years ago will be wrong next year, never mind on 24 November. When we get a democratised Sinn Fein and democracy rules in the Northern Ireland Assembly, we will embrace that and enter wholeheartedly.

5.6 pm

Mr. Eddie McGrady (South Down) (SDLP): The Bill is one of the many initiatives introduced by the two Governments to try to end the suspension and get restoration. As a gesture of good will, I immediately offer a voluntary coalition and partnership with the hon. Member for Belfast, East (Mr. Robinson) by limiting my remarks to 10 minutes. With that modest start, I hope that from an acorn, an oak tree will grow—but that remains to be seen.

I assure the Government and hon. Members that the Social Democratic and Labour party wants to live up to all aspects of the Good Friday agreement, which, we must recall, was not selective, but all-embracing, for the good of all the people of Northern Ireland and the greater good of all the people of the entire island of Ireland. Much as our Members of the Legislative Assembly are criticised, sometimes very unfairly, they, like MLAs of other parties, work assiduously in their constituencies. However, they want to work assiduously as elected representatives in an elected forum to deal with the matters before us today. The SDLP will do everything in its power to grasp this opportunity and ensure that there is a push, a drive and a dialogue—perhaps compromise will be needed all round—to achieve a devolved Administration, we hope long before the deadline of 24 November.

My objection to deadlines is not that they set a specific target, but that they give people the excuse to wait until the eleventh hour of the last day. It would be regrettable if that happened. When everything is analysed, there is a fair possibility that elected Members of all the parties in Northern Ireland could come to a meaningful agreement before the summer recess. I have heard what DUP Members have said about making benchmarks against progress regarding paramilitaries.

Perhaps because it is not emphasised sufficiently, it is often forgotten that the nationalist community suffered as much from the Provisional IRA and the loyalists as any other group in Northern Ireland—in many cases, much more. None the less, we have a responsibility, given the tremendous change in circumstances in the past 10 years, to take some things on faith. We have more faith than we had in the past, and we must ensure that the distrust that has grown up between the parties and that has been nurtured by them is diminished as much as possible. Sometimes the parties themselves do not engender trust, and the Irish and British Governments have made a major contribution to that distrust. If round-table openness in negotiations is not forthcoming and private deals are done at Downing street or Leinster house in Dublin, that will create more distrust and suspicion than the parties themselves can create.

I make a special plea to the British Government, the Secretary of State and the Prime Minister to refrain from engaging in the cloak-and-dagger arrangements

[Mr. Eddie McGrady]

that have been the privilege of the two parties—the DUP and Sinn Fein. It is not a question of sour grapes, as the evolution of trust is a practical requirement. I remind the House that the comprehensive agreement was neither comprehensive nor an agreement. The flyleaf at the beginning contained one sentence which, as I recall, said, "The British and Irish Governments have prepared this comprehensive agreement and submitted it to Sinn Fein and the DUP." All other parties were excluded from that endeavour, and the agreement was not even addressed to them.

I therefore make an earnest plea to the Government not to engage in the kind of dialogue in which they have previously engaged because, as Members have already said, there is an extremely serious situation in Northern Ireland. On many occasions back home, I have said that by 2008 or 2009 our way of life in Northern Ireland will change dramatically, given the reform of local government, education, housing, rating, water charges and so on. However, not a single vote for any of those changes has been cast by a Northern Ireland party.

The suggestion that such a huge social transformation could take place in that way in any other country or part of the United Kingdom would be regarded as ludicrous, but those massive changes have indeed taken place in Northern Ireland. Time and time again, the parties in Northern Ireland have demonstrated unanimity in their opposition, but the heat was not taken off. That is why I asked the Secretary of State what he meant by saying that he will "take account" of the Assembly's opinion on certain matters referred to it. Using the yardstick of education, the reform of public administration and matters such as student fees, water rates and rate revisions, it is clear that the parties of Northern Ireland oppose what the Government have done. We wanted to do things differently, but we were ignored. If that happens in the Assembly, it will become a talking shop that pretends to be able to influence matters while the reality is that all the decisions are still made by the Northern Ireland Office.

That is why I say that if the parties cannot get together by agreement, extending the process into November is a danger in itself. The failure to deliver agreement under the Good Friday agreement can have certain benefits for the DUP, which might see it as the final nail in the coffin of the Good Friday agreement and might want nothing further, being content to sit on the Opposition Benches—or it may have benefits for Sinn Fein, which has other political objectives in mind, particularly concentrating its political efforts on the campaign for the new Dail, which takes place early next year.

The people who will suffer are the people of Northern Ireland who, God knows and we all agree, have suffered enough. Unless we have the honest intention of getting together and participating in devolution together, we will be damned for all eternity. For example—I must be brief, in order to keep to my partnership with the hon. Member for Belfast, East—the greatest single danger to the future of Northern Ireland is what the Government are doing about the reform of public administration.

That has been called the cantonisation, or balkanisation, of Northern Ireland, which will be split by a line running north to south. The area to the west will be green. The area to the east will be blue or orange, depending on which lodge people are in. That will be a huge drawback for the people of Northern Ireland. It is the blueprint for division, separation and sectarianism. I beg the Government to stand back from that and take cognisance of the opinions of the local people, who do not oppose the reform of public administration if that is done in a meaningful, effective and democratic way. That is the last thing that I shall say in my speech, but to me it is the most important. It is the driving force which should get us all together to prevent it from happening.

5.17 pm

Lady Hermon (North Down) (UUP): I am grateful to be called to speak on the Second Reading of such an important Bill. As the Minister and hon. Members will have gleaned from the number of interventions that I have made, I shall speak against the Bill. For obvious logistical reasons, I will not divide the House this evening. Not only would I lose, but more importantly, I would not able to supply the Tellers. I pay tribute to the Democratic Unionist Members who supplied the Tellers last week in Committee, when we were debating amendments that I had tabled. However, this is a different week and a different subject.

The right hon. Member for North Antrim (Rev. Ian Paisley) welcomed the Bill. I am grateful to the hon. Member for Belfast, East (Mr. Robinson) for calling into question the amount of Executive power being taken by the Government in the Bill. As I said, I shall speak against the Bill but will not divide the House, so any hon. Member who needs to fulfil an engagement later can do so.

I am disturbed by a pattern adopted by the Government—a pattern whereby they use the ends to justify the means. In doing so, they take to themselves an enormous amount of Executive power. In opening the debate, the Secretary of State mentioned the peace process, the restoration of devolved government and direct rule. Those are all laudable aims. Although I loathe and detest direct rule, I take no exception to any of those laudable aims. I do, however, take grave exception to the Bill, for three reasons. We are being asked to approve not the lifting of the suspension, but the creation of a completely new creature, which has, unfortunately, been christened, "the Assembly". It is not a shadow Assembly or a devolved Assembly, and it includes the same 108 Assembly Members—I am not one of them, but I have enormous regard for them, regardless of their party.

The Secretary of State has indicated that he does not regret christening the new creature "the Assembly". What will the new creature do? It can talk and think about electing a First Minister, a Deputy Minister and Executive Ministers, and if it is very lucky, it can also discuss such other matters as the Secretary of State thinks fit. In other words, 108 noble Assembly Members must sit and wait for the crumbs to fall from the Secretary of State in order to discuss anything. What will be the effect of any of their debates or resolutions?

The hon. Member for South Down (Mr. McGrady) has discussed the review of public administration, on which the resolutions of the Assembly will have no effect whatsoever. Very soon, people in Northern Ireland will discover that the new Assembly cannot introduce legislation to, for example, monitor sex offenders, save

grammar schools or roll back the review of public administration. The public could become disenchanted with the Assembly and the devolved Administration generally, which would cause me great concern. I hope that other hon. Members are also concerned about the public feeling disillusioned with attempts to restore devolved government in Northern Ireland.

I was particularly perturbed that the hon. Member for Belfast, East made no reference to the Assembly election being postponed. On 14 May 2003, he stated:

"There can be no more crucial issue in any democratic society than maintaining the purity of the electoral process, and there is no more serious constitutional matter than a Government stepping in to abort a democratic election."—[*Official Report*, 14 May 2003; Vol. 405, c. 422.]

I was disappointed that he did not make that point earlier.

Mr. Peter Robinson: I wanted to make six further points in my speech, one of which concerned elections. If the hon. Lady wants to examine my notes, I have them here. I wanted to discuss elections, but in deference to my hon. Friends, I did not have time to do so.

Lady Hermon: I am most grateful to the hon. Gentleman for putting that on the record. I look forward with bated breath to DUP Members expressing concern and objections about a democratic election to the Assembly being postponed for no particularly good reason. I would be delighted to share his notes over a cup of tea in the Tea Room, but only his notes—the hon. Member for Strangford (Mrs. Robinson) is welcome to attend, too. It is a serious issue in a democracy that the date of a scheduled election can be changed at the whim and whimsy of the Secretary of State.

I am glad that the hon. Member for Aylesbury (Mr. Lidington) is in the Chamber. I was most concerned that the spokesperson for Her Majesty's loyal Opposition did not question the shifting of the scheduled Assembly election, but there will be an opportunity for him to do so tomorrow when we discuss the amendments that have been tabled for the Committee.

Mr. Laurence Robertson (Tewkesbury) (Con): I apologise to the hon. Lady for missing the beginning of her speech. I have tabled an amendment for tomorrow that questions the clause that gives the Secretary of State the power to delay that election.

Lady Hermon: I am grateful to the hon. Gentleman. That will give us all an opportunity to object to it. I look forward to that debate.

An enormous amount of Executive power is being taken to the Secretary of State under cover of this Bill. If we allow it to go through unchallenged this evening—as we have indicated—and if the Government do not accept amendments tomorrow, this House will have agreed to a Secretary of State in our Government having the power, by Order in Council, to amend and to repeal any Act of this Parliament and any Northern Ireland legislation. I do not in any way challenge the personal integrity of the current Secretary of State, but I would caution that the Bill not only hands any future Secretary of State the power to amend or repeal any legislation by Order in Council, but, if they deem it expedient, not even to have to bring it before this House, so there will be no scrutiny or transparency whatsoever. I do not think that any right hon. and hon. Members in this Chamber would countenance such a degree of Executive power being taken to a single Minister in any circumstances—yet we are not discussing emergency or counter-terrorist legislation, but an attempt to restore devolved Government in Northern Ireland.

The aims of the Bill are laudable, but the means that the Government are adopting are deplorable. That brings me back to my argument about the christening of this new creature, the Assembly, which would have been better termed a forum or a talking shop. It strikes me that the Government have done something very clever. It is as if they were parents with two sons—perhaps I should say daughters—one of whom is very bright and the other not so bright. The parents choose to call both children by the same name, so that after a while the public do not know the difference between one and the other. I suspect that the Government have chosen deliberately to give the impression that this is the restored Assembly, but it is no such thing—it is a toothless talking shop. It worries me considerably that the people of Northern Ireland are being led to believe that the Bill will lead to the restoration of something more powerful at Stormont, when that is clearly not going to happen. I urge the Government to listen very carefully to tomorrow's debate and to amend the Bill before it leaves this place.

5.29 pm

Mrs. Iris Robinson (Strangford) (DUP): I shall say only a few words and leave my colleagues to deal with the nitty-gritty of the measure and what the Assembly should be called and how it will be perceived, which the hon. Member for North Down (Lady Hermon) mentioned.

I want to make a few comments about what I had the pleasure of saying in Killarney at the British-Irish Parliamentary Body meeting on Monday 24 April. My party is up for a fully functioning Assembly with Executive powers. It is in the interests of our people in Northern Ireland for locally elected representatives to make decisions on local issues that affect the everyday lives of Ulster people. We in the Democratic Unionist party are not the problem. The responsibility to step up to the plate lies with Sinn Fein-IRA.

Too many families are still reeling from the freedom from serving their jail sentences given to murderers when the Belfast agreement was signed, coupled with broken promises, which the Prime Minister made in 1998. He promised that terrorists would not be in government or released from jail. The rest is history.

The debate has covered most of the pertinent points about the Bill. I would simply like to say that Northern Ireland Members look forward to a time when they no longer have to live behind bullet-proof windows, which are installed in their homes along with panic buttons and cameras, or be driven by police escorts. Like my colleagues, I have grown-up children—whose ages range from 33 to 24—and grandchildren, who are aged between 14 and six. They have never known normality and have always had to endure living in an abnormal setting.

[Mrs. Iris Robinson]

I therefore have a vested interest in seeing our long-suffering people, as well as my children and grandchildren, experience proper democratic institutions, which will tackle the genuine problems of the serious position of our health service, our educational future and the water charges, which are being foisted upon us.

However, the caveat is that, when we make our decision in the DUP to go forward, we must ensure that the Assembly is made up of democrats, who are all equal under and subject to the law. No party should have at its disposal an army ready for action if Sinn Fein does not get its way.

We must ensure that the victims of 35 years of terror are considered. Our party is mandated not to repeat the mistakes of the past in-and-out pantomime of an Assembly. We must get it right. That means Sinn Fein being democratised, with no more criminality and paramilitary activities connected directly or indirectly to it.

We will play our full part in a devolved Administration if we are satisfied that all the players use only the weapon of argument.

5.33 pm

Mr. Nigel Dodds (Belfast, North) (DUP): It is a pleasure to follow my hon. Friend the Member for Strangford (Mrs. Robinson), who clearly set out the conditions under which the Democratic Unionist party would enter into Executive Government in Northern Ireland, as did my other right hon. and hon. Friends who have already spoken.

I listened carefully to the hon. Member for North Down (Lady Hermon). I am not sure whether her speech had been passed or endorsed by Cunningham house. How much of it will gain assent from the leadership of her party remains to be seen. Given her comments and her attitude today—suggesting that she would divide the House on Second Reading if she were in a position to do so—I wonder whether members of her party will turn up at Stormont to participate in the Assembly when it is called on 15 May.

Lady Hermon: Will the hon. Gentleman give way?

Mr. Dodds: No, because we have limited time and we have agreed sensibly to allow as many hon. Members as possible to speak by accepting a self-imposed time limit.

The hon. Lady took some time to explain her difficulties with the proposals in the Bill. She railed against the Assembly that the measure sets up, but I wish that she and the wing of her party that so vehemently supported the Assembly that was set up in 1998, with all its fundamental flaws, including IRA-Sinn Fein in government without decommissioning, had expressed even one word of concern about it and its make-up. Had she done so, her complaints today would have had a bit more credibility. Likewise, had she and her colleagues on the wing of the party that she supports opposed the deferral of the election in May 2003, first for four weeks and then until the November—they did not want it even then—her concern about the moving of the election date would have had more credibility.

My party is happy to face the electorate at any time. We will face them quite happily in May 2007, because every time we have gone to the polls, they have endorsed our position and given us a clear mandate. We have no doubt that, when we face them again—we are happy to face them sooner rather than later—they will once again give us a resounding mandate.

I have a lot of sympathy with what the hon. Member for North Down said about executive power in the hands of the Secretary of State for Northern Ireland, but I would remind her and those in the wing of the Ulster Unionist party that supports her that she supported the handing of full, untrammelled executive power to Ministers in the Northern Ireland Assembly—and to all-Ireland bodies—so that they could carry out enormous acts of damage to the people of Northern Ireland, to its economy and to its health and education systems, as evidenced by the decisions of Bairbre de Brún in a number of cases, and by Martin McGuinness over the 11-plus. So I am glad that a different approach is now being taken, but I shall wait and see whether it will be carried out in practice.

On the matter before us today, the Secretary of State said that there would be serious consequences if the parties involved did not carry out their mandate and act maturely. This party has certainly been elected on a mandate to try to bring about devolution. We were devolutionists when other parties in the Unionist community were fully fledged integrationists that did not want Stormont or any kind of local accountability whatever. There is no doubting our devolutionist credentials. However, our mandate also states that devolution must be based on sound democratic principles, and must involve a complete end to paramilitarism, terrorism, violence and criminality, along with certain changes to the Belfast agreement. I shall not rehearse all those points, because my hon. Friend the Member for East Londonderry (Mr. Campbell) and others have already outlined that mandate.

We have come a long way, in regard to not only the change in the circumstances on the ground in Northern Ireland, but the attitude of the parties and of right hon. and hon. Members. We are now talking about the need for absolute clarity and certainty, and for the completion of the transformation of the paramilitary groups into exclusively peaceful democratic entities, and I am glad that the policies that we put forward for many years, from 1998 and before, are now widely accepted. Everyone in the House now says that the IRA must completely end all criminality, terrorism and paramilitary activity.

Indeed, the Prime Minister talked in his famous Custom House speech about acts of completion. My right hon. Friend the Member for North Antrim (Rev. Ian Paisley) has talked about adopting a Blairite approach to these matters, but I think that it is the other way round. The Prime Minister has adopted a Democratic Unionist party approach, and that approach is working. It is delivering, and our party deserves credit for that. Previously, the Ulster Unionist party was prepared to go along with the policy that stated, "Bring Sinn Fein and the IRA in and give them positions in government, and they will learn to be democrats". Well, we said that that would not work,

and it did not. We said that they would want to have their cake and eat it, and that people would suffer as a result.

The approach that we are now taking demands that, before Sinn Fein-IRA can come anywhere near the Government of Northern Ireland, there has to be a complete end to criminality, terrorism and paramilitary activity and a complete transformation to democracy, with certainty and clarity. That is the right approach, and we must keep working at it. It is delivering, and it is the sound and sensible way to proceed.

As far as the work of the Assembly is concerned, I welcome the opportunity for elected representatives in Northern Ireland to debate and discuss matters of deep concern, but we will want the Government to respond to their views. It is essential that the Secretary of State does not proceed with contentious legislation and change. If he does, that will ultimately act as a major disincentive to the restoration of devolution. Many people will say, "Even if we have devolution back, we will not be able to change some of these matters of vital concern to our people." I urge him, in the interests of his project to restore devolution, not to proceed with some of the more contentious matters mentioned in the House.

There are issues of concern. The IMC report published today had the inevitable spin and hype prior to publication. We have had some selective quotes from the report even today in the House. Of course, we welcome the progress made, but we want more progress so that there is completion. There are major issues, such as the retention of guns. It is now clear that guns have been retained, the report says, without the authorisation of the leadership. Surely we cannot just leave it at that. Something has to be done about it. If members of an organisation are acting outside their authority, we should at least expect the leadership to do something about them. Is it okay simply to say, "That was without the authority of the leadership"? Is it all right if the IRA has now moved from a centralised structure to a federal structure? For the people living in Markethill and elsewhere in South Armagh, Fermanagh and Tyrone along the border, or in my constituency, it will be of little comfort to say that the guns held by the local IRA are not authorised by the brigade headquarters in Belfast, but just by the local IRA commanders. We must grasp that. Movement on that issue will be needed if we are to see progress.

On criminality, I listened to what the IRA said over Easter, and I have listened to it being praised today about that matter. Let us remember that as far as the IRA is concerned, any act that it carries out in pursuance of its objectives cannot be criminal. It is easy for it to condemn criminality, because it does not regard anything that it does as criminal, even to the extent that, as Mitchell McLaughlin famously said, the terrible atrocity of the kidnap and savage murder of Jean McConville, who was then buried for decades, and about which the IRA lied, was not a crime in its eyes, and is still not regarded as a crime by Sinn Fein-IRA. We need to be careful about those matters.

The people of Northern Ireland know how the IRA operates; they know its theology and thinking and how it will interpret everything according to the letter of its constitution and values. Those of us on the ground must judge what it is up to and what it is about. It is important that we do not make the mistakes that were made in the past but that we bring the IRA to the point of completion and bring about a permanent and irreversible transformation to democratic politics. My right hon. Friend the Member for North Antrim (Rev. Ian Paisley) has made it clear that if we reach that point, we can make real progress, and we will not shy away from the commitments that we have made. Until we reach that point, however, we will stand firm in the interests of democracy.

5.43 pm

Dr. William McCrea (South Antrim) (DUP): Some time ago, our party released a document called "Facing Reality". This House is beginning to face some realities, because when I was previously a Member, prior to 1997, many Members did not want to know the realities of the situation in Northern Ireland or of the suffering of the Unionist people and did not want to deal with the IRA. They were closing their eyes to acts of republican terrorism, often because they wanted to keep the trouble in Northern Ireland—as long as it stayed off the streets of London and the mainland, and did not affect them, that was acceptable. There was a famous statement about the "acceptable level of violence".

My party is desirous of the restoration of devolution in Northern Ireland, with Ministers who are democrats dealing with and taking decisions on day-to-day issues in Northern Ireland. There is great distrust, however, and no one can close their eyes to that.

I agree with the hon. Member for North Down (Lady Hermon). We have no intention of misleading the Ulster people. We are going to tell it exactly as it is to them and to the Secretary of State and the Ministers concerned, before and on 24 November. We are not going to shadow-box with anyone: we will tell people the realities of the situation. Even when we have suffered in electoral terms, we have never misled the general public, and we are not going to mislead them now.

I certainly know the realities of how obnoxious it is to sit in a council with those who have been totally wedded to terrorism—for example, one of the three most wanted men in Northern Ireland. The only poster naming three wanted men appeared in what was then my constituency—in Magherafelt, which was in the constituency of Mid-Ulster. Those three persons were Dominic McGlinchey, who was murdered by the IRA when he fell out with it; Francis Hughes, who went on hunger strike, fell out with himself and decided to take his own life; and Ian Milne.

The reality of the situation—what the House does not realise—is that the third most wanted man sits in Magherafelt district council at this moment. He has never been brought to court. It seems to me that there has been a cover-up. I know that a family who believe that he was responsible for the murder of the Speers family are horrified that he is sitting in that council untouched. Another councillor is a famous gunman; another is a famous IRA bomber. These people are sitting in the council in which I have to sit. They destroy, demean and soil democracy, and we cannot close our eyes to the realities of the situation.

I say this clearly: democratic institutions must be built on a solid foundation. It is no use building them on sand; there must be a rock foundation of democracy, integrity and honesty. There can be no equivocation on

[Dr. William McCrea]

terrorism and those who are inextricably linked to terrorist organisations. If we want the democratic institution to succeed, those who are engaged in it must be unreservedly opposed to all terrorism and the retention of all terrorist structures. We need to see the dismantling of those structures—not just the disbanding of the IRA, but the dismantling of the structures of terror, and the removal of all the teeth of war—if we are to move forward in a democratic fashion.

Sinn Fein and the IRA are inextricably linked. They are one and the same. That has not changed. It is no use the House closing its eyes to that: at this moment, it is still the reality. Over the past 30 years, Sinn Fein and the IRA have turned on and turned off violence whenever it has suited them. Yes, there has been a change. Let us be honest. As my colleagues have rightly said, the demands of our party, standing resolutely against Sinn Fein-IRA in the past, have certainly brought them to the realisation that they will not wipe the eye of the Ulster electorate or the Ulster people. But we are resolved to do what we promised to do. We will honour the principles that we set out at the time of the election: we will not go back on the principles that we put before the electorate. Yes, 9/11 produced changes, because Sinn Fein-IRA knew that, internationally, they could not go back to what they did best. But we must face the reality: up to this moment, Sinn Fein and the IRA are inextricably linked.

The impression has been given that the IMC report somehow gives a clean bill of health, and that somehow democrats can walk arm in arm with those who have been responsible for some of the most heinous crimes, not only in the past but in the present. We cannot close our eyes to the murder in Dublin of Joseph Rafferty by the IRA. We cannot close our eyes to Robert McCartney's murder. We cannot close our eyes to the murder of Denis Donaldson. We need to know exactly who was responsible and, if the IRA is found guilty, the IRA and its colleagues must pay the price of their compliance and their activity in terrorism. The report clearly rings alarm bells. Even after all the attempts at a whitewash, some members of that organisation—including senior ones—are still involved in crimes such as fuel laundering, money laundering, extortion, tax evasion and smuggling. Imagine anyone suggesting that we should have such people in this House or in government!

Mr. Jim Devine (Livingston) (Lab): Will the hon. Gentleman give way?

Dr. McCrea: No. I have only a short time in which to make my speech.

Can anyone imagine the howls from the community if it were suggested that such people should be put on the Front Bench of Her Majesty's Government or Opposition? If they were, they would be run out of this House and society would disgrace them completely, and rightly so. A few statements from those who are still linked to activities such as money laundering, fuel laundering, extortion, tax evasion and smuggling are not going to whitewash their compliance in what has been going on. Where is the £20 million linked to the IRA? Where are the disappeared—those who may have been murdered, whose families are still waiting for them to come home? Are we closing our eyes to all this? Are we closing our ears to the cry from such families that these issues must be faced up to?

We must have consistency, integrity and honesty. Neither I nor any of my colleagues is going to mislead the people. The right hon. Member for Torfaen (Mr. Murphy) stated today—it is on the record of this House—that, although the IMC report acknowledges that progress has been made, there is still a long way to go. I agree wholeheartedly with that statement, which is factual: there is still a long way to go. We must ensure that our democracy has integrity. When we set up a Government of Northern Ireland, they have to be based solely and completely on democratic lines. There can be no equivocation or trying to move the goalposts. We cannot have those who are democrats by day and terrorists by night—that day has long passed. There were those in the past who accepted such people into government, but this party will not.

Sinn Fein-IRA stand at a crossroads: they must make the choice and come up to the mark. If they do not take that decision, true democrats—such as Members representing the Social, Democratic and Labour party, my own party and others—who want to move forward should do so together. Northern Ireland should not be crucified because of terrorists or those who want to play along with terrorism. We want a democratic process and democratic government, and by the grace of God, that we will have.

5.52 pm

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): I welcome this Bill, which is a means to an end, not an end in itself. I understand the concerns raised by the hon. Member for North Down (Lady Hermon), but the Ulster Unionist party has in the past supported the establishment of talking shops. Indeed, it was its former leader who proposed the establishment of the Northern Ireland Forum for Political Dialogue, and I do not recall it raising major objections to such a body. We hope that the Assembly will move quickly to address issues that are doubtless of as much concern to the constituents of the hon. Member for North Down as they are to mine. Even if, initially, we are only talking about those issues, that is better than sitting on our hands while direct rule Ministers take decisions that we disagree with strongly. I hope that we can reach a consensus on some of these issues quickly, and that the Government will act on that basis. We want a devolved Government to be restored in Northern Ireland as quickly as possible.

Lady Hermon: Will the hon. Gentleman give way?

Mr. Donaldson: I will not, because some of my hon. Friends want to get in before the debate concludes.

This has been a long journey, the beginning of which it would probably be difficult to find. In 1994, there was the first IRA ceasefire, moving through to the agreement in 1998. It has been a difficult and challenging time to be involved in politics in Northern Ireland. We have seen many false dawns, but the promise of peace remains and we want to reach out and grasp it. It is the hope of every sane, reasonable and law-abiding person in Northern Ireland that our generation realises the hope of peace

and political stability. I echo the comments by my hon. Friend the Member for Strangford (Mrs. Robinson) that we want to move out beyond the cocoon of security and looking over our shoulders in which we have had to live for years. We want to look forward to a future that is free from violence and the organised criminality that we have seen all too often in the past.

We have had the Assembly since 1998, and it has been suspended on at least four occasions. We have got to get it right this time, because if we re-establish the Assembly and get a fully functioning devolved Administration and it collapses again, it will be years before it is restored and the hopes of the people of Northern Ireland will be dashed. That is why my party is committed to getting it absolutely right.

The Government talk of deadlines: we prefer to speak of acts of completion, as my hon. Friend the Member for Belfast, North (Mr. Dodds) mentioned. He repeated what the Prime Minister said. We want completion and closure on what has become known as the troubles. I know that, for many people, closure is difficult. Their lives have been ruined and destroyed by acts of terrorism, on both sides of the community. However, from speaking to them, I know that it would give them some comfort to know that other families will not suffer what they have endured. Indeed, that is my objective. If I were asked what is the one thing that I want to achieve in my political career, it would be that no other family has to suffer what has been visited upon so many families in Northern Ireland over the past 35 years. If I can help to achieve that, I will feel that my political career has been fulfilled. That is my objective and I can say with honesty that it is the objective of all of my hon. Friends, and especially of my right hon. Friend the Member for North Antrim (Rev. Ian Paisley), the leader of our party. I know that he wants to see that happen, but we want to be sure that it is for real and for good.

That objective is why the decisions that we have to take as a party will not be taken in isolation. We will take them in consultation with the community that we represent and the people who have mandated us to achieve a better future for them and for their children. Earlier this week, my hon. Friend the Member for Belfast, East (Mr. Robinson) made it clear in his contribution to the British-Irish Inter-Parliamentary Body that, when the time comes that we feel that there is the potential to move forward to full devolution, we will consult and we will talk to the people whom we represent. We are not arrogant. We will not move so far ahead of our people that we do not bring them with us.

It is crucial to achieving political stability in Northern Ireland that leaders bring their people with them. We have evidence in the past few years of the inability of some Unionist leaders to bring their people with them, and we know what happened to them. The results of that are very apparent on these Benches today. This party will not allow that to happen. Yes, we will provide leadership—it will be provided ably by my right hon. Friend the Member for North Antrim and my colleagues here—but we are determined to bring our people with us. If we do that, we have a better chance of making things work for the future. At the end of the day, it is the people who count.

I say to the hon. Member for North Down that we have no fear of elections. We are prepared and ready for the elections in May 2007. Bring them on. This party will gain and benefit from those elections and we are prepared to go to the people and test our mandate again. I have no doubt that we will get a strong endorsement for that mandate.

Earlier, the Secretary of State asked whether the Democratic Unionist party was committed to making this measure work. Many people have asked the same question. Are we committed to achieving the establishment of a devolved Administration in Northern Ireland that is based on inclusivity but underpinned by the fundamentals of democracy and the rule of law? Our answer is a resounding yes: we are absolutely committed to making this work, because we have fought so hard to get to where we are today and we want to complete the journey.

We want to achieve the end that I have described, but we also want to make sure that it is absolutely right, because the future of the people whom we represent hangs on the decisions that we make. We will be careful and cautious, but courageous too, because that is what leadership is about. When we come to make those decisions, we will want to ensure that they are right, and that the people with whom we will be in government are committed to peace, democracy and the rule of law. As my hon. Friend the Member for South Antrim (Dr. McCrea) said, that must mean that a complete end is put to criminality and paramilitarism.

We say that not because we want to put obstacles in people's way, but because we want to encourage them to complete the journey. The strategy is working and has brought the results that are evident in today's IMC report. We acknowledge the progress that has been made, but we also know that the journey is not yet complete.

If I am not yet absolutely confident that the IRA has completed the journey, that it now supports the rule of law and that it will abide by the democratic rules, I believe that it is on its way to doing so. It is difficult to assess how far down the road it has come, but I believe that it has recognised that there is no going back to the bad old days. Yes, some IRA members may hark back to those times but most know that going back to the violence of the past, and to bombing, shooting and murder on the scale evident in the 1970s, 1980s and 1990s, would amount to political suicide. They are right.

We want the Assembly established by the Bill to make progress towards the restoration of a full, devolved Administration in Northern Ireland. We are committed to achieving that objective, in the right time scale and based on an assessment that the violence, criminality and paramilitarism are over for good. I hope that people will take us at our word when we say that.

Yesterday, I had the privilege of leading a delegation to meet the Secretary of State at Stormont to discuss the impact of industrial rates on our manufacturing sector. The delegation was made up of people from both sides of the community, both traditions, in Northern Ireland. They are all fine people, and they are making a massive contribution to rebuilding our economy after decades of destruction.

The delegation was accompanied by an all-party group representing the main political parties in Northern Ireland. The group spoke with one voice when it asked the Government to freeze the industrial rates, because otherwise they would damage our manufacturing base and our ability to make a full economic recovery.

[Mr. Donaldson]

I hope that the Secretary of State will listen to our message, because the Government have said consistently that that is what they will do if we can achieve a political consensus. Consensus is what the Assembly ought to be about, and we will seek to achieve it in respect of the other issues that will be referred to us. However, the Secretary of State must listen to what people are saying.

I know that a big stick can be applied on a range of issues, although I accept that some carrots exist as well. However, when people reach agreement, it is incumbent on the Government to respond positively. That is the best and most encouraging way to help us along the road to the end of our journey. I hope that the result will be peace and stability for all the people of Northern Ireland.

6.4 pm

Sammy Wilson (East Antrim) (DUP): I, too, will seek to abide by the time-sharing arrangements that have all-party support here today.

I suppose that there has not been a great deal of rancour, or difference, in the debate, although I suspect that in some speeches there was an underlying tendency to point the finger at Unionists as if they were still the obstacle to devolution. We have had the Secretary of State talking about people needing to act maturely. We have had the hon. Member for Ogmore (Huw Irranca-Davies) talking, I think specifically to our party, about taking leaps of faith. We have seen other parties take leaps time and again with Sinn Fein. They jumped into the darkness and they paid for it. We have no intention of taking such a leap of faith with people who we believe to be untrustworthy.

However, although some may argue that we of all parties least need devolution, having 40 per cent. of the representation at council level in Northern Ireland and 50 per cent. of representation here at Westminster, we have been to the forefront of promoting devolution. The fact that the Bill is before us is probably a result of the pressure that this party has put on the Government to recognise that in a situation where, as has been described very adequately in today's debate, one party does not have respect for law and order—indeed, breaks the rules of society on a frequent basis—and yet wishes to be included in Government, it is impossible to move directly into a situation where people like that are included in Executive positions.

Facing that reality—our document was called "Facing Reality"—we put to the Government ideas by which we could move towards devolution, in circumstances where there would be a useful job of work for people who are elected in Northern Ireland to take decisions and make representations on the things that affect their constituents daily, and ease our way towards the position where, eventually, full-blown devolution would be possible.

"Facing Reality" also made it clear that there had to be changes to the Belfast agreement. We have a mandate for those changes. I know that the SDLP does not like the fact that the political landscape has changed in Northern Ireland, that the mandate that may have been given to pro-agreement parties in 1998 no longer exists, certainly on the Unionist side, and that there has to be a recognition that changes are needed; not just to satisfy the Unionist population but to ensure that there is a system of devolution that does not stumble from crisis to crisis and that does Unionists, nationalists or anyone some good. Some of our suggestions were included in the comprehensive agreement. I know that the members of the SDLP did not like that because they were not involved in the comprehensive agreement, but I believe that many of those changes will be essential to the good working of any Assembly if and when it is up and running.

Mark Durkan: Will the hon. Gentleman give way?

Sammy Wilson: I would have been more than happy to, but because of the time constraint I will not. If we could have extended the debate beyond 7 o'clock, I would have been able to give way.

Several arguments have been made today as to why we should move towards devolution. The first is that the IRA have moved. The IMC report today indicates that they have moved. We have had substantial decommissioning last summer, and we accept that that has happened. But as has been pointed out, the IRA are moving because the tactics used against them have changed. Instead of giving them rewards, sanctions are being imposed. In the past, we were told that if we put them into government, they would behave. The DUP tactic is to deny them a place in government and make them behave. In the past, we were told that if we turned a blind eye to their activities perhaps they would move away from them; now, through the combined efforts of our party and others, the security forces are going after their criminal empires and putting on the pressure. While that is going on, why should we lift the pressure? Why should we go back to the old, failed methods and give them rewards?

We want the task completed. In six months' time, I want to be able to say that the behaviour of Sinn Fein and the IRA has changed dramatically. That would be good for my constituents and good for Northern Ireland and its economy. If and when those changes arrive, the leader of my party, my right hon. Friend the Member for North Antrim (Rev. Ian Paisley), our deputy leader, my hon. Friend the Member for Belfast, East (Mr. Robinson), and other speakers have made it clear that the political landscape will have changed.

Like the hon. Member for Hackney, South and Shoreditch (Meg Hillier), we believe that there are benefits from devolution. The second argument in favour of devolution is that we could take our own decisions. Some people have painted a realistic picture; there would be hard decisions to make but at least we would be making them on behalf of our constituents, with at least a degree of accountability. However, there are some political quacks around. They can be found in some of the pro-agreement parties and lobby groups pushing for devolution. They present devolution as a panacea, through which all the hard decisions will disappear; all the pain will suddenly be relieved and there will be no tough political decisions to make. That is not the case. Anybody who sells devolution on those grounds is a charlatan. They are political quacks and they will come unstuck. There are hard political decisions to make. Some of the things we are discussing

did not start only after the Assembly fell; for example, the big increase in rates was known as the Durkan tax after the hon. Member for Foyle (Mr. Durkan).

Mark Durkan: I remind the hon. Gentleman that before devolution, the comprehensive spending review under direct rule had projected increases over a three-year period of 7 per cent. a year on domestic rates and 6 per cent. a year on business rates. Under devolution, when I was Minister of Finance and Personnel, succeeded by Sean Farren, domestic rates were 7 per cent., 7 per cent., and 6 per cent. while business rates were 3.3 per cent., 3.3 per cent. and 3.3 per cent.

Sammy Wilson: So it was a Farren tax. Of course, it covered the infrastructure for water and sewerage, which are now paid for on top.

Mark Durkan *rose—*

Sammy Wilson: No, I shall not give way. The hon. Gentleman's earlier intervention was quite short. I remember having to listen to him explaining such things in the Northern Ireland Assembly and it used to take him about an hour and a half.

Another argument is that devolution will be a magic wand to help us get through all the pain. Some of the hard things we are experiencing originated under the old devolution settlement. The structure of the previous Assembly meant that decisions were made by Ministers who were wholly unaccountable. They imposed changes, such as those in education, with which we are still struggling.

If the interim step that we hope will lead to full devolution is to be effective, I believe that it is essential that Members realise that there is a job to be done. That means that the Secretary of State—I am pleased to see him back in his place—must listen to the representations that Members make. Otherwise, they will feel that the Assembly that has been established is a useless body.

It has been suggested that any legislation or Orders in Council currently in preparation should not apply until at least 24 November. I recognise that that is also a rod to beat the back of people such as myself. As we come up to 24 November, I well recognise the threat that Orders in Council can be introduced if devolution does not come about. Nevertheless, I am prepared to live with that because I believe that it is important, if any value is to be attached to devolved institutions in Northern Ireland in the longer term, that the people of Northern Ireland know that all the decisions that they hate and loathe have not been taken before devolution is set up. There should be a disincentive to push such measures forward and ram them through the House.

I implore the Secretary of State to understand that we wish to move towards devolution. We want the necessary decisions to be taken, however difficult the context, but they can be taken only when parties behave democratically, associate themselves with the police and law and order and pursue criminality. When those conditions are met, we are happy to have devolution. Until then, I hope that the Secretary of State will allow the Assembly to do a real job of work.

6.16 pm

David Simpson (Upper Bann) (DUP): I have listened with great interest to the debate and know that all my colleagues have made valid points. I have never had the privilege or the opportunity—whatever word one wishes to use—of sitting in the Northern Ireland Assembly.

I listened to the hon. Member for Hackney, South and Shoreditch (Meg Hillier), who used the word "tantalising". Well, when it comes to a three-course meal or a large steak—*[Interruption.]* Yes, I have many of them and I would probably refer to them as tantalising, but I have to say that the prospect of going into the Assembly on 15 May is not tantalising for me. It is not tantalising because I will probably be sitting across the room from an individual who gave the authority for four of my family to be assassinated. It may well be hard for hon. Members who have not experienced such circumstances to understand, but it will be very difficult for me. My party has taken the decision to go in on 15 May and I will join it because I believe that it has a lot to offer the people of Northern Ireland.

We all know about the other Unionist party and its leadership, which led the Unionist population in the wrong direction. I am living proof that the Unionist population does not suffer fools gladly, which is why I took the seat in Upper Bann. We often hear the old cliché from Sinn Fein-IRA that they have a mandate, and we also hear them saying that the Democratic Unionist party is not serious about anything. They say that we are not serious about trying to get an Assembly up and running and, to use the words of Gerry Adams or Martin McGuinness, that the DUP does not want a Fenian about the place. Those are their words, not mine.

I have sat in meetings—in fact, at Leeds Castle—when my right hon. Friend the Member for North Antrim (Rev. Ian Paisley) told the former Secretary of State for Northern Ireland, "I am not asking for anything for myself that I am not asking for my Roman Catholic neighbour." That is a fact; my party is about representing all the people in our constituencies. So the nonsense that Sinn Fein come out with is just a myth.

I refer to family tragedy and many of my colleagues could relate to family tragedies and those involving others connected to their families, but let us remember that we must consult the victims and convince them that it is time to move on. That will be very difficult. My hon. Friend the Member for Lagan Valley (Mr. Donaldson) and I are the chair and vice-chair of our party's victims organisation. We talk to victims on a weekly and monthly basis and we hear the stories that come from those people—the tragedies and the heartbreak—and it will be very hard for them to move on. But as a constructive party that will show leadership, it is our job to talk to those people and to convince them that it is time to move on. That will be difficult, but I believe that those people must be helped through that painful time.

Another of my concerns is that we talk about Sinn Fein-IRA coming on to different bodies and structures in government. For example, if Sinn Fein-IRA decided that they would go on to the Policing Board today, in

[David Simpson]

reality, what information could the Chief Constable release in a Policing Board meeting that would not be passed on, possibly to some of their colleagues?

Mrs. Iris Robinson: The dissidents.

David Simpson: We have talked about the dissidents, which is a lose word. Such information must not be passed on to benefit terrorism—Slab Murphy and the rest of them up in south Armagh—so we have a difficulty. I used the word "tantalising" earlier; the word that we need to emphasise is trust. That is a big factor in setting up the Northern Ireland Assembly.

I sat in my own council meeting on Monday night, and when I referred to the bomb in Lurgan, a Sinn Fein-IRA representative stood up and said, "The bomb should not have happened, and I would ask those in the Lurgan area to stop it." However, when I put the question through the mayor to ask the Sinn Fein-IRA representative to tell his people to go to the PSNI station in Lurgan and give all the information that the police need to collect a lot more of those people, there was silence; and we are talking about moving to a full-blown Executive or whatever come 24 November. There is a long, long way to go. If it was wrong—my hon. Friend the Member for East Londonderry (Mr. Campbell) used words to this effect—to put murderers, drug dealers, paramilitaries or child killers or whatever into government last year, it is wrong this year. There is no difference, because they have not yet changed.

I want to move on in the time that is left to my portfolio as my party's trade and industry spokesman. I have been involved in the business community for some 25 years. My hon. Friend the Member for Lagan Valley referred to leading a delegation yesterday to meet the Secretary of State. I had the privilege yesterday, along with other hon. Members, to attend that conference and I had been asked to speak there. I am sure that the Secretary of State has been briefed on what I have said about him in the newsletter. I am sure that he is not very happy about it. Basically, I said that, if the Secretary of State were the boss or the chief executive of a firm, he would be sacked. That is because of the de-rating issue and the difficulties that the business community is going through.

I count it a privilege to be elected to this House. Having been involved in the business community for 20 or 25 years, I knew a lot of the business people who gathered together yesterday. I would like to think that, in my capacity in this House, I could use my influence to try to help those business people who have come through 35 years of the most hellish conditions, through the troubles and through financial difficulties.

The Secretary of State may throw the responsibility back, as he is prone to do, and say, "Get the Executive up and running and deal with the whole de-rating issue and all the other issues." However, with the greatest respect, it is within his power to do something about the situation now. The manufacturing and textile communities are decimated. Along with my hon. Friend the Member for Lagan Valley, I ask the Secretary of State to look seriously at doing something about that.

Mr. Hain: I received a delegation, as the hon. Member for Lagan Valley (Mr. Donaldson) mentioned, and it was impressive. The arguments that were mounted were cogent and well presented and I have said that I will seriously consider them. The argument was for a freeze at the present level. I have also said that I would be happy to refer the matter to the Assembly—in the form that that is about to happen—for its own consideration, as well, and would take note of what was said there.

David Simpson: I thank the Secretary of State. May I finish by saying—*[Interruption.]* We will negotiate after this debate.

Sir Patrick Cormack: The Secretary of State is on probation.

David Simpson: We will arrange an interview.

In conclusion, I personally want to see things move on in Northern Ireland. As I have mentioned in the House before on many occasions, I adopted three children to bring them into this country and to try to give them a better life. I want to see that happen; I want it to happen for all the young people in Northern Ireland, irrespective of the community they come from. They are the next generation and how the next generation operates is going to dictate the future of Northern Ireland. I wish that for all the people of Northern Ireland. I know that the leadership of my party wishes it and I will certainly do everything in my power to assist that.

6.27 pm

Mr. Laurence Robertson (Tewkesbury) (Con): We have had an extremely interesting debate on yet another Northern Ireland Bill, which was, yet again, introduced in reasonable tones by the Secretary of State, who, if I may be permitted to say so, made a number of telling and important points. My hon. Friend the Member for Aylesbury (Mr. Lidington) set out clearly and movingly our views and difficulties, but also our hopes for this Bill's capacity to achieve devolution and a peaceful future for Northern Ireland. Those are my views as well. I have never made any secret of the fact that eight years ago I voted against a number of aspects of the Belfast agreement, but one of the things that I was enthusiastic about was devolution. I remain hopeful that we can set up the Assembly again.

We have heard a number of contributions from right hon. and hon. Members, which I shall run through fairly quickly. The right hon. Member for Torfaen (Mr. Murphy) feels that it would be disastrous if the process did not succeed. He said that he felt very uncomfortable as a direct rule Minister. When I work on the many statutory instruments—as I do seemingly almost every day at the moment—I too feel uncomfortable, so I well understand what he feels, and means. I share his hopes for the Assembly.

The hon. Member for Montgomeryshire (Lembit Öpik), who serves on most, if not all, of those Committees with me, wondered whether this year's Assembly would be able to change some of the decisions made by order of the Secretary of State, so perhaps the Minister will respond to that point. He also made the good point that the shifting of deadlines in the past is perhaps not helpful now, and I am sure that the Government will take that on board. He also made an

important point about what will happen if the Assembly does not get up and running and full devolution is not restored—I hope very much that it will be restored. Although I know that the Government have taken steps to address the situation, we cannot go on governing Northern Ireland as we are doing. I hope that we can move forward through devolution and the Assembly, but if that is not possible, we need to redouble our efforts to find a better way of governing the Province.

The hon. Member for Foyle (Mark Durkan) regrets that the Bill does not go further, and opposes giving the Secretary of State the power to delay the elections from 2007 to 2008. As I indicated in an intervention on the hon. Member for North Down (Lady Hermon), I am concerned about that measure and have tabled an amendment that will give us the opportunity to discuss it tomorrow. I understand that the Government are saying that if the Assembly is not up and running until November, we may not want to disrupt things so quickly. That is a rather pessimistic view, because the Assembly may be up and running again by May—we all hope that it will be—in which case elections in 2007 would not come too quickly. However, we can explore that matter in a bit more detail tomorrow.

I welcome the enthusiasm for the Bill of the right hon. Member for North Antrim (Rev. Ian Paisley) in his typically robust speech. It is important to note that he paid tribute to the Members of the Legislative Assembly and the work that they have done. He correctly pointed out that it was not the democratic constitutional parties that needed to change, but the IRA.

The hon. Member for Blaydon (Mr. Anderson) said that he was probably the only person in the House, other than those from Northern Ireland, who had had a mandate from Northern Ireland. He has recently served on many Northern Ireland Committees.

My hon. Friend the Member for South Staffordshire (Sir Patrick Cormack), the Chairman of the Northern Ireland Affairs Committee, sensibly called for there to be no more unnecessary statutory instruments before the Assembly is up and running. He also expressed worry about setting deadlines, and said that this particular deadline should perhaps be the end of the year. The hon. Member for Ogmore (Huw Irranca-Davies) talked about trust and having a vision for the future.

The hon. Member for Belfast, East (Mr. Robinson) made the important point that there should be no joint sovereignty if things fail by 24 November. I know that the Secretary of State has tried to play down several reports on the comments that he is supposed to have made, but I was in America at the time and heard reports about those comments. The Secretary of State suggested in his statement to the House last week that even if the Assembly is not up and running by 24 November, there should be a strengthening of cross-border bodies. I would be worried if we had the one without the other.

The hon. Member for Hackney, South and Shoreditch (Meg Hillier) said how important it was for Northern Ireland to have an Assembly, and made a comparison with London and the London Mayor. I am not sure that I approve of the analogy, but think that I know what was she was getting at. The hon. Member for East Londonderry (Mr. Campbell) made the good and important point that Sinn Fein needs to change its mode of behaviour to enable any support for the police to be credible.

I apologise that unfortunately, I missed the speech by the hon. Member for South Down (Mr. McGrady) because I had to slip out of the Chamber for a few moments. I understand that he gave strong support to the Good Friday agreement and said that there was a need to preserve it.

I have already touched on the speech made by the hon. Member for North Down. She objected to the postponement of the scheduled elections and to the fact that the Bill gives the Secretary of State more power. A consistent theme of several recent Bills has been the inclusion of a clause that allows the Secretary of State to change many things. I share the hon. Lady's concern, but perhaps we can discuss that in more detail in Committee tomorrow.

The hon. Member for Strangford (Mrs. Robinson) made a good point, which I endorse, that it is not the DUP that needs to change, but the people who are in the way of democratic government in Northern Ireland. The hon. Member for Belfast, North (Mr. Dodds) wants the Government to respond to the views expressed by the elected representatives of Northern Ireland. That is extremely important, given the significance of legislation that has recently been passed by order. Last week, for example, the number of councils was reduced from 26 to seven, with the support of Sinn Fein alone among the political parties. If the Assembly, once it is up and running, does not find that acceptable, I hope that the Secretary of State will take note of its opinion.

The hon. Member for South Antrim (Dr. McCrea) rightly said that the institutions must be based on democracy and that the Assembly must be built on rock, not sand. That is a very important statement to make. The hon. Member for Lagan Valley (Mr. Donaldson) said that in future he does not want any family to suffer what families have previously suffered. Everyone in the House should share that objective. He expressed a determination to make the process work. I have known him for many years, not only as a political colleague but as a close friend, and I know that that is the case. The hon. Member for East Antrim (Sammy Wilson) called for a sustainable Assembly, not one that is likely to falter. The hon. Member for Upper Bann (David Simpson) spoke about the difficulty of having to work with someone who authorised the assassination of four members of his family. It is hard for me to appreciate how difficult that is, but I admire his courage and determination to do so, to make the process work.

As I said at the outset, I have served on many Delegated Legislation and Northern Ireland Bill Committees. Almost every day this week, and last week, I attended such Committees. Goodness knows what will happen when we return next week, but there is a Delegated Legislation Committee the Tuesday after bank holiday Monday. That is a most unsatisfactory way of deciding policies and legislation for Northern Ireland. When the Assembly is up and running, it must be allowed to discuss those important issues. It must be worth while, or it will falter, which is not what I want, and I do not think it is what anyone in the House wants.

When we ask Unionist parties to serve in the Assembly and, more particularly, on the Executive it is important to ensure that they are dealing with people

[Mr. Laurence Robertson]

who have given up violence entirely. The Independent Monitoring Commission report has been discussed today, and without seeking to be negative, I want to deal with a couple of points that it makes. Paragraph 2.12 states:

"We noted however that PIRA continued to engage in intelligence gathering, predominantly to support the political strategy".

That intelligence gathering was "predominantly"—not entirely—to support the political strategy, and the IMC believed that it

"was authorised by the leadership and involved senior members."

That is a worrying phrase. The report goes on to say:

"Some senior members were also involved in money laundering and other crime."

That, too, is worrying. Paragraph 2.15 discusses a crime that was committed and says:

"We think nevertheless that PIRA did seek to secure the departure from the area of one of the families involved in the dispute".

In other words, the Provisional IRA sought to move families out of the area. The report continues:

"We also believe that in a separate incident PIRA itself may have been associated with the forced departure of somebody from the area where he lived."

Such activity should have ended—we were told that it had—but according to the IMC, that is not the case.

Gordon Banks: The IMC report published today makes the point that the majority of forced exiles are made by loyalists, not republicans.

Mr. Robertson: I do not disagree, but those people are not represented by a political party that will assume Government office in Northern Ireland. I am not trying to be negative, as I have a point to make. The report goes on to say that

"there are indications that some members, including some senior ones . . . are still involved in crime".

The report lists those crimes. It is unfair to expect law-abiding constitutional politicians from the Unionist community and from the SDLP to sit alongside people who are supposedly politicians by day, but are terrorists by night.

A further point concerns me. About two years ago I had a discussion with Seamus Mallon, a respected former Member of this House and also a former Deputy First Minister. He said that in his area Sinn Fein had 200 paid activists. Where did that money come from? The Minister who is to respond to the debate has a respectable majority of just over 6,000, but how would he like it if there were 200 paid activists in his constituency trying to get rid of him? That is not fair politics, and it must be addressed, alongside the fact that Unionist and SDLP politicians are being asked to work with people who might be engaging in violence and terrorist activities at night. It is not fair. If that is not tackled, the Assembly will fail, and I do not want to see that happen.

Sir Patrick Cormack: Not only is the situation that my hon. Friend outlines manifestly unfair; it would be illegal.

Mr. Robertson: Totally illegal, as my hon. Friend observes.

I shall close now, to give the Minister a chance to respond to the many points that have been made by right hon. and hon. Members. I finish where I started. I wish the Assembly well. I hope it gets up and running. In order to succeed, it needs to discuss meaningful matters. It must be built on rock, rather than on sand. It has to be sustainable and, over and above anything else, it must be filled with Members who are wholly and exclusively committed to democratic means.

6.41 pm

The Minister of State, Northern Ireland Office (Mr. David Hanson): The debate has been largely good-tempered, which I cannot often say about Northern Ireland debates in the House. From all parts of the House we have had a positive and constructive debate. We even had a voluntary agreement on time sharing, which is a positive step. I hope it will lead to power sharing in due course. We even had something that we do not often have on Northern Ireland business: the hon. Member for East Antrim (Sammy Wilson) and the hon. Member for Foyle (Mark Durkan) engaged in normal politics, talking about matters such as taxation and expenditure. I hope that ultimately the Assembly will also get back to discussing such topics.

The message from today's excellent debate has been clear. Now is the time for parties in Northern Ireland to demonstrate leadership by going back into the Assembly to form an Executive and a Government in due course. I am heartened by the way that the parties approached the debate, by the positive response to the Bill that we heard from all parts of the House, and by the constructive attitude of hon. Members towards the potential establishment of the Assembly.

I thank the hon. Member for Aylesbury (Mr. Lidington) for the support of the official Opposition for the Government's proposals. I thank the hon. Member for Montgomeryshire (Lembit Öpik) for the support of the Liberal Democrats. I thank the right hon. Member for North Antrim (Rev. Ian Paisley), who approached the debate with a positive, constructive attitude. I pay tribute to him. It is the first time, I think, that he has spoken in a debate since his 80th birthday. He seems to be reinvigorated on every occasion that he speaks in the House. I wish him well in his continued deliberations on these matters.

I pay tribute to the hon. Member for South Staffordshire (Sir Patrick Cormack), the Chair of the Select Committee, who also approached the debate in a positive way, as have Members from all parts of the House who spoke today. It is heartening that everyone who took part in the debate spoke in favour of devolution for the people of Northern Ireland. The only argument has been about the conditions and about how and when that will occur. All sides accept the principle of devolution. The Bill is about how we achieve it.

That is important for the reason given by my right hon. Friend the Member for Torfaen (Mr. Murphy). As a previous Secretary of State, he knows better than anybody else, apart from my right hon. Friend the current Secretary of State, the difficulties of managing devolution as a direct-rule Minister. As my right hon. Friend the Member for Torfaen, my hon. Friend the

Member for Hackney, South and Shoreditch (Meg Hillier), the right hon. Member for North Antrim and the hon. Members for Foyle, for Lagan Valley (Mr. Donaldson) and for South Down (Mr. McGrady) have said, when I deal with Northern Ireland business, I do so as a Member of Parliament who is elected in Wales with a 6,500 majority—my majority has reduced over the past few years due to factors outside my control. I speak on behalf of the Government, but there are no crosses against my party's name, and, unlike Assembly Members, I do not have the mandate of being removable by the people of Northern Ireland.

Today's debate and the discussions that my right hon. Friend the Secretary of State has conducted outside this Chamber about the potential for devolution show that there are real grounds for optimism and that real efforts have been made to make the Assembly operate positively and constructively. Although I recognise the concerns expressed by the hon. Member for North Down (Lady Hermon) about the different nature of the Assembly, I hope that we will move quickly to the permanent restoration mentioned by the hon. Member for Foyle. There is an overwhelming wish in Northern Ireland for devolution to occur and for the parties to co-operate, but I do not underestimate the challenges that the parties face.

I have listened to the hon. Member for Upper Bann (David Simpson), and I know about the contributions that the hon. Member for South Antrim (Dr. McCrea) has made in the past, so I know that those Members' constituents have faced challenges, tragedies and terrorist acts every day for the past 30 years and more. As hon. Members have said, I know that it is difficult for them to enter a coalition with people who have undertaken the type of acts to which the hon. Member for Upper Bann has referred. In my view, however, it is the best possible option for the future of Northern Ireland for those people to work together with the civil service to manage the billions of pounds of expenditure in Northern Ireland. That money is being provided by the British Government and distributed by British Ministers, but there are local priorities, and I think it is important that we consider that point.

In setting out the challenge of devolution in simple, straightforward terms, I am not seeking to minimise in any way, shape or form the concerns and hesitations. As hon. Members have said, trust is a key element. As the right hon. Member for North Antrim and the hon. Members for East Londonderry (Mr. Campbell) and for Strangford (Mrs. Robinson) have said, the conditions are not right at the moment, and I understand that concern, to which the hon. Members for Belfast, North (Mr. Dodds) and for South Staffordshire have also referred. I know that there are real issues of trust and confidence, and I listened carefully when the hon. Member for East Londonderry elucidated them.

We are moving in the right direction. The hon. Member for Aylesbury has already quoted this section of today's IMC report:

> "It remains our absolutely clear view that the PIRA leadership has committed itself to following a peaceful path. It is working to bring the whole organisation fully along with it and has expended considerable effort to refocus the movement in support of its objective. In the last three months this process has involved the further dismantling of PIRA as a military structure."

My hon. Friends the Members for Blaydon (Mr. Anderson) and for Ogmore (Huw Irranca-Davies) recognised those points in their contributions.

The hon. Member for Belfast, East (Mr. Robinson) has said that progress has been made, but that more progress needs to be made. I agree with him and hope to see that happen, but there is evidence that progress is already being made.

Mr. Winnick: Will my hon. Friend reinforce a point that I made in an earlier intervention? Those of us who want to see progress in Northern Ireland, who are in favour of the Belfast agreement and who want to see devolution applied as quickly as possible were no less opposed to terrorism from day one than the DUP and the other parties in Northern Ireland which are represented in the House of Commons.

Mr. Hanson: My hon. Friend has highlighted that very clearly, and I support him in his objective. In the meantime, despite the fact that the IRA is moving in the right direction, we as a Government will not tolerate criminality or paramilitary activity in any way, shape or form, whether from the loyalist or the republican side.

Sir Patrick Cormack: I entirely accept what the Minister says. As a logical consequence of that, should not he convey clearly and unambiguously to Sinn Fein-IRA that the Government have a limit to their patience, and that if conditions have not been met by November, the obvious alternative is to work for a coalition between the three democratic parties whose credentials are not in doubt?

Mr. Hanson: Let us see what happens. I believe that progress is being made and will continue to be made, and that the IMC will back that up.

The Government will not tolerate criminality and paramilitary activity. On the republican side, in March we undertook operations resulting in 100,000 litres of fuel being seized, with the Criminal Assets Bureau freezing £1 million in cash and cheques found during that search. This week alone, the Assets Recovery Agency secured £140,000 from alleged fuel smuggling, as was mentioned by the hon. Members for East Londonderry, for South Antrim and for Lagan Valley. On the loyalist side, in December the Assets Recovery Agency froze £400,000 from alleged loyalist paramilitaries, and assets of £200,000 were frozen after the murder of the alleged loyalist brigadier, Jim Gray. The Northern Ireland Affairs Committee is currently examining how we deal with such issues. Criminality and paramilitary activity will not be tolerated, and the Government will work towards that end, but I believe that the conditions that Members are seeking will be achieved in due course through movements by the Provisional IRA.

We have to face reality and look to the significant challenges that will ensue. The Bill provides the framework whereby we can facilitate the dialogue for the future. As the hon. Member for Foyle said, individuals have worked together to do things that would have been unthinkable a few years ago. They did not abandon their beliefs in a united Ireland or in an Ireland that has relationships, through Northern

[Mr. Hanson]

Ireland, with the British Government as part of the United Kingdom, but they worked together on issues to do with the economics and day-to-day life of their communities. More than anything else, I want that to happen now.

Through the Bill, we have set up the Assembly. I know that the hon. Member for North Down has concerns about that, but I say to her and to others that we want it to be able to discuss real issues as well as to elect a First Minister and Deputy First Minister and an Executive, and as soon as possible, I hope, optimistic as I am, to form a Government and return to the full Assembly that the hon. Lady so desires. In the meantime, we have given it the opportunity to discuss and express views on education, the review of public administration, and water charges.

There has been a serious debate about how the Government will take account of those views in this Chamber. We will listen to what is said and consider the issues that are put to us, but we still have a duty as a Government to govern Northern Ireland in the best interests of its population. Whatever the Assembly that is set up in a fortnight's time may be, it will not be an Executive Assembly until it elects an Executive. My right hon. Friend the Secretary of State and my fellow Ministers have a duty to this House to govern Northern Ireland responsibly, and it would be constitutionally wrong for us to say that we will automatically defer to another body while doing so. As my hon. Friend the Member for Hackney, South and Shoreditch observed, we have a job to do in Northern Ireland until such time as the Assembly forms an Executive to do that job.

My right hon. Friend the Secretary of State clearly set out the cost of maintaining the Assembly that has been unable to function. I pay tribute to the Members of the Assembly for the work that they do at the moment.

I receive delegations on housing, culture, sport and the range of issues for which I am responsible from Members of the Legislative Assembly who are now doing a constituency job. They write letters to me, visit, press us on a range of subjects and publicly comment on issues. They are doing a job but not the job that we are doing today—holding the Executive to account in a Chamber and legislating. I hope and pray that they will do that in due course in the Assembly. However, in the event of that not happening, we have to consider the costs of the Assembly and the way in which we hold elections to a future Assembly. That is why my right hon. Friend the Secretary of State has set the deadline of 24 November for progress.

The deadline is not a threat—it is simply an embodiment of a political reality. We cannot go on as we have done. We cannot finance a non-functioning Assembly indefinitely or go through the motions of an election next May to an Assembly that does not meet, legislate or hold the Executive to account.

The process creates the potential for an Assembly to meet on 15 May and elect an Executive, but, if it cannot do that, to discuss some of the issues and reflect the opinions of the 108 elected Members of the Legislative Assembly to my right hon. Friend and me. That is important.

Some hon. Members rightly asked about Orders in Council. I have said to the hon. Members for Aylesbury, for Tewkesbury (Mr. Robertson), for Montgomeryshire and others that we do not find that procedure especially satisfactory. There are difficulties with it and my right hon. Friend has written to hon. Members to ask for their views on how we can improve the process. However, we have to govern. We have to make decisions and determine how we make progress in future. We have to run Departments. When my right hon. Friend the Secretary of State, my right hon. Friend the Prime Minister, the Taoiseach and I met business people in Armagh about some of issues on which we govern, they welcomed aspects of what we did. They welcomed some of the changes that we are making in, for example, the review of public administration.

We will have to listen and we will take representations. There will be an opportunity for the Assembly to present its opinions. However, we are accountable to the House for billions of pounds of public money that my right hon. Friend and I are spending on behalf of the people of Northern Ireland in the absence of the Assembly.

I hope that the Bill is about success, not failure. We believe that it is the best vehicle for success that can be constructed at the moment. We need the Assembly to be back in place and we must examine how we can make it work for the future. The challenge to all hon. Members is how we do that.

The hon. Member for North Down mentioned the delay in holding the election. We will discuss that when we consider the amendments tomorrow. We believe that the delay is necessary for the simple reason that, if we get the Assembly operational by October or November, it will work for only a few months before the rigours of an election.

Lady Hermon: Will the Minister give way?

Mr. Hanson: I cannot because of lack of time. We have delayed the election for one year, not to meddle with democracy, as has been alleged, but to give the Assembly the opportunity to bed in, if it is formed, and to be stable and satisfactory for going into an election in future.

The Government are trying to get the Assembly back up and running. We are setting the framework for it to work. However, the prime movers must be the political parties that represent the people of Northern Ireland. We must move forward on the basis of an accommodation between people in Northern Ireland represented by their political leaders in the Assembly. If the House approves the Bill, the message to the people of Northern Ireland is that we have confidence in them and believe that they can run the affairs of their Province. We will support them in doing that, hand them billions of pounds of Government money to expend on their priorities and give an opportunity locally for them to determine their priorities, so that people who represent constituencies in Neath and north Wales do not choose them on their behalf.

There is an opportunity for the Assembly to be reformed and to make progress. I hope that, on 15 May, the Assembly will elect an Executive and commence that process. We look forward to considering amendments

tomorrow. In the meantime, for the reason that democracy is exercised best when exercised locally by locally accountable people, I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time, and committed to a Committee of the whole House, pursuant to Order [this day].

Committee tomorrow.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

NORTHERN IRELAND

That the draft Fire and Rescue Services (Northern Ireland) Order 2006, which was laid before this House on 13th March, be approved.—*[Mr. Coaker.]*

Question agreed to.

EUROPEAN DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9)(European Standing Committees),

PROMOTION OF CLEAN ROAD VEHICLES

That this House takes note of European Union Document No. 5130/06 and Addendum 1, Draft Directive on the promotion of clean road vehicles; and endorses the Government's approach in investigating what the costs and impacts of the proposal on the UK would be and in seeking to so amend the proposal that, if implemented, it would result in the best possible balance between environmental and other benefits, and financial and other burdens on both the public and private sectors.—*[Mr. Coaker.]*

Question agreed to.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): On a point of order, Madam Deputy Speaker. Are you aware that today we have received information that there have been arrests in Birmingham in relation to allegations of serious misconduct in relation to postal votes? Given that one of the people arrested is said to be a close relative of a leading Lib Dem candidate in the city of Birmingham, will you use your good offices to ensure that everything is done to ensure that the local election result in Birmingham is a fair and proper one?

Madam Deputy Speaker (Sylvia Heal): I understand the concern expressed by the hon. Lady, but it is not a point of order for the Chair.

PETITIONS

Asbestos Storage

7.1 pm

Bob Spink (Castle Point) (Con): I rise to present a petition compiled by Linda and Lenny Green and others to raise awareness of an asbestos plant on the Manor trading estate in Benfleet. I entirely agree with the terms of the petition. The asbestos plant is completely inappropriate and there are far better sites for it.

The Petition of the residents of Thundersley and Benfleet,

Declares that the proposal for change of use of Unit 10 to allow the storage of hazardous waste such as asbestos on the Manor Trading Estate in Thundersley would introduce unacceptable risk and increased pressure of use of local roads and is particularly inappropriate in view of the immediate proximity of residential homes and a primary school. The petitioners further believe there are much more appropriate sites for this activity in the local area.

The Petitioners therefore implore the House of Commons to call upon the Government to do all within its power to ensure that Essex County Council reject the application as requested by the Member of Parliament for Castle Point.

To lie upon the Table.

Traffic Calming

7.2 pm

Bob Spink (Castle Point) (Con): I have now in my hands a major petition organised by Councillor Gail Boland of Boyce ward, signed by almost 2,000 people. Councillor Boland has worked tirelessly for her residents on this and many other issues. She has made it clear that she does not want speed bumps, and that she just wants vehicle-activated LED speed signs.

The petition states:

To the House of Commons

The Petition of the people living in and around Boyce and St. Mary's Wards, Castle Point, declares that we the residents of Benfleet and surrounding areas are concerned about the increasing dangers in the High Road Benfleet, in the Queens Road and Vicarage Hill area, for pedestrians and particularly children and elderly people, and we therefore call for an investigation into the best scheme for traffic calming and particularly the consideration of a changed road surface with 'flash-up-your-speed' signs, for the benefit of both residents and road users.

The Petitioners therefore call on the House of Commons to urge the Government to impress upon Castle Point Borough Council and the Highway Authority the importance of serving local people by providing improved pedestrian safety particularly for our children and elderly people.

And the Petitioners remain, etc.

To lie upon the Table.

Milton Keynes

7.3 pm

Mr. Mark Lancaster (North-East Milton Keynes) (Con): It is my privilege to present the petition of my constituent Mr. Andrew Geary of Hanslope and many others, who are understandably incensed by the Government's attempts to impose expansion plans on Milton Keynes via unelected and unaccountable quangos.

The Petition of the citizens of Milton Keynes

Declares that for any community to be 'sustainable' the plans for its expansion must be supported by existing residents and that Milton Keynes Partnerships' 'Public Consultation' process was not long enough to fully involve the Citizens of Milton Keynes in the decision making process regarding the 2031 Milton Keynes expansion plans.

The Petitioners therefore request that the House of Commons urge the Government to set up a local referendum to decide:

If the expansion planning and delivery should be returned to those who are democratically elected to represent and service the people of Milton Keynes and the surrounding area.

And the Petitioners remain, etc.

To lie upon the Table.

Miners' Welfare Institutes

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Roy.]*

7.4 pm

Mr. Denis Murphy (Wansbeck) (Lab): I am grateful to the House for allowing me this debate. With your permission, Madam Deputy Speaker, I shall explain the history and background of miners' welfare institutes and the important role that they continue to play in the life of the communities that they now serve.

Many miners' welfare institutes were established at the turn of the last century. They were funded from a weekly contribution paid by every working miner. They provided excellent support and recreational facilities that were used not just by miners but the whole community. The specific case that I raise tonight is that of Hirst welfare in Ashington, but VAT affects scores of similar organisations throughout the country.

The original Hirst welfare was established through the Ashington coal company and a variety of facilities were provided for the local community, including both buildings and recreation grounds. Hirst welfare was where Jackie Milburn honed his remarkable skills and Bobby and Jackie Charlton first played football. More recently, it was where the world's finest fast bowler, Steve Harmison, developed his love for cricket. It was where generations of young men played sports, particularly football, in a spirit sadly long gone, that gave the welfare leagues a reputation for skill and toughness that was certainly not for the faint-hearted.

In 1966, through the creation of the Miners' Welfare Commission, and its successor the Coal Industry Social Welfare Organisation, CISWO, the Ashington Joint Welfare Group of Schemes was formed. It was registered with the Charity Commission, and was established to manage six community facilities across south-east Northumberland. Those facilities were Hirst welfare, Ashington recreation ground and the welfares at Linton, Newbiggin, Lynemouth and Pegswood. The charity continued to manage those facilities through a group of trustees and individual management committees consisting of local residents and representatives from the then local collieries.

It is important to point out that while CISWO was funded by a levy on each tonne of coal mined nationally, the organisation and all the activities at each welfare site were still funded by levies agreed and deducted from individual miners' wages. It was therefore inevitable that, when the collieries started to close and the funding began to dry up, the organisation began to struggle to maintain its operations. As a result, four of the sites were transferred to local authorities in the 1980s. Linton, Lynemouth and Pegswood welfares were transferred to Castle Morpeth borough council and Newbiggin welfare was transferred to Wansbeck district council. That was also a difficult time for the local authorities, as the then Conservative Government forced year-on-year severe cuts in local government funding. It is to the credit of the local authorities that I mentioned that they managed to hold on to those community assets for so long.

The charity continued to manage Hirst welfare and Ashington recreation ground. In 1995, however, its financial difficulties could not be overcome, with the closure under British Coal of Ellington colliery being the final nail in the coffin resulting in the loss of all its income. The centre was closed in 1996 and demolished in 1997 on safety grounds. It was a sad sight. Rose bay willow herb and broken glass, synonymous in many ways with the dereliction of abandoned coal mine sites, was now invading the heart of the community and covered the turf that was once graced by Ashington's and Britain's greatest world-class athletes.

The situation was made much more difficult by the site then being in the middle of four wards suffering the highest deprivation levels in Northumberland. The Hirst is situated in the south-east of Ashington with a population of about 8,000 people living in 3,500 densely built houses and flats. On the index of multiple deprivation, all those wards featured in the bottom 10 per cent. nationally. In response to both deprivation and the lack of services, Wansbeck district council commissioned a number of reports. The first, produced in 1997, dealt with the Hirst regeneration. The second, produced in 2000, was the Ashington investment study. The final one, which I understand was completed in 2001, was the Wansbeck community appraisal. Although the reports dealt with different issues, they all recommended the creation of a community facility that could provide a range of services and give the community an identity.

At about the same time, in 1997, the newly elected Labour Government recognised the unique problems faced by coalfield communities as a result of the decline of the mining industry. In October that year, the Government established the coalfield taskforce to provide initiatives to help former mining communities. The taskforce's report "Making the Difference" was published in June 1998, and set out a programme of action to combat the deprivation faced by those communities. Here at last, many of us thought, was a real opportunity to provide much-needed facilities. The Government should be congratulated on an initiative that has made a significant contribution to the improvement of former coalfield areas.

One of the most important and relevant recommendations from the taskforce concerned one-stop shops. The report stated

> "We believe that there is an exciting opportunity to adopt the one stop shop model much more widely to integrate both government and voluntary sector provision in a way that will promote collaboration rather than competition between local organisations. In choosing a suitable building, the Miners Welfare will often be the obvious first choice. One stop shops should aim to incorporate the widest possible range of co-located partners, and the services offered should be designed to appeal to all sections of the community. These might include new recreational and health facilities for ex-miners; a resource centre for those seeking work, perhaps including a part-time Employment Service outreach facility and childcare services; and sports facilities and youth clubs for the younger generation."

As a result of that recommendation, CISWO secured funding from the National Lottery Charities Board for its one-stop shop project, enabling seven full-time staff to be employed across the English, Scottish and Welsh coalfields to help 25 miners' welfare schemes redevelop and become one-stop shops. In 2000, Wansbeck district council approached CISWO and requested that a new Hirst welfare centre be included in the one-stop shop programme. It was approved, and a new partnership was formed to implement the project. Funding was

secured for a joint feasibility study to run alongside the upgrading of Hirst park, which is close to the welfare centre. There were substantial consultations with the community, and a number of options were prepared.

In 2002, work began to secure the necessary funding, which was in place by November 2003 when the contracts were let. The new Hirst welfare centre was completed and opened to the public in December 2004. It is a tremendous achievement and, genuinely, a huge success.

The euphoria was short-lived. A demand for £85,000 in VAT on the project arrived recently from Her Majesty's Customs and Excise. That came as a complete surprise to the trustees. When the feasibility study was carried out, the design team contacted Customs and Excise, which said that the project would be zero-rated because it was new build. As a result of the VAT reclaimed on the project, it has gone into the capital goods scheme, which means that the project will be assessed by Customs and Excise every year for the next 10 years.

I spoke to the trustees today. They informed me that they had borrowed the money to pay the VAT from the miners' trust fund, and would pay it back over 10 years. That cannot be right. I urge my hon. Friend the Minister to review the VAT position at the Hirst welfare centre, to ensure that the money remains in the community where those who provided it intended all of it to be used.

The trustees argued that the project should be treated as a village hall or something similar, in order to obtain zero rating. It is important for the next few minutes to examine the reasons why Customs and Excise would not accept that description. Its interpretation of a village hall or similar was based on location—it had to be easily accessible by most members of the local community—and on the building: village halls vary according to needs and resources, but they tend to be small. Management and administration should be vested in local village hall trustees. Income should come mainly from charges and there should be limited kitchen, sports and play equipment. A crèche could be provided, and the staff would usually consist of volunteers. A wide range of activities should take place in such places, including private parties, committee meetings, jumble sales, wedding receptions, parish council meetings, women's institute meetings, polling stations, dances, discos, senior citizens' clubs, playgroups and blood transfusions—in other words, anything that is relevant to a particular community.

Customs and Excise did not agree that the Hirst welfare centre fitted the village hall description for the following four reasons. First, its size exceeded the typical village hall definition; secondly, turnover exceeded that typically expected in a village hall; thirdly, staff are employed to work in the centre; fourthly, the gym equipment is assembled on a permanent basis.

The size of the centre was determined in many ways by Government policy and the requirements of the funding partners—it is indeed a one-stop shop. The organisations based in the centre are: Wansbeck district council information point, a healthy living centre, a toy library, East Ashington fun club, a power-lifting club, "action team for jobs", a citizens advice bureau, the National Union of Mineworkers' and the Regeneration Trust's skills building project, and Hirst high school. The organisations delivering services from that site are the primary care trust, Barnado's, Sure Start, the youth offending service, the probation service, the Football Association, several community partnerships, Jobcentre Plus, Connexions, the teenage pregnancy unit, the education action zone and out-of-school clubs.

The uses to which the centre is put are many and varied. They include, among many others, salsa dancing, aerobics, boxing training, tea dances, karate, wrestling, FA coaching, football training for boys and girls of all ages and information technology courses. The size of the centre and its staffing and income therefore fit the needs of the community perfectly. All the outreach facilities and courses are tailored to serve the needs of the individuals who live in that community.

The role of miners' welfare schemes and community buildings such as village halls has changed dramatically since the VAT rules were last reviewed some 10 years ago. No longer are such facilities used on an ad hoc basis; they are now vital community resources that are used to deliver front-line services to help local communities regenerate. Through charging VAT on the capital costs of multi-use community facilities, Customs and Excise is diverting much needed finance from such front-line services. It is forcing local community organisations to raise substantial funding from one Government source to give to another. Often, it is the VAT element of a capital project that determines whether a programme succeeds.

The case that I have raised concerns new build, but I should like the Minister to note that the same arguments apply to the refurbishment of miners' welfare institutes, for which VAT should also be zero-rated. I hope that he can examine in some detail the case that I have raised tonight and review the rules on VAT, so that all the funds raised for this project are used to benefit the community served by Hirst welfare centre.

7.18 pm

The Economic Secretary to the Treasury (Mr. Ivan Lewis): I begin by congratulating my hon. Friend the Member for Wansbeck (Mr. Murphy) on securing this Adjournment debate. He has raised an issue that is important not only to his constituents, but to others.

There is no doubt, as my hon. Friend has said, that miners' welfare institutes and similar facilities play a very important role in their communities. I applaud the contribution, often voluntary, that the committees and trustees of these organisations make to their communities. The Government have recognised, as my hon. Friend acknowledged, that current and former mining areas present many challenges. As the coalfields' taskforce report summed it up, the coalfields have

"a unique combination of concentrated joblessness, physical isolation, poor infrastructure and severe health problems".

The Government are committed to thriving, sustainable communities and to making that commitment real for coalfield areas. As my hon. Friend said, we have established the national coalfield programme; a 10-year, £500 million commitment. We have also created the Coalfields Regeneration Trust, which has become a central player in the social regeneration of pit communities, including providing support to thousands of community groups. We have also made support

[Mr. Ivan Lewis]

available through the sustainable communities plan, the coalfield enterprise fund, regional development agencies, local authorities and English Partnership.

I therefore hope that my hon. Friend will agree that there is no lack of determination on the part of the Government and their local partners—backed by significant resources—to help tackle problems faced in coalfield areas, and to support the social regeneration of pit communities. My hon. Friend was gracious enough to acknowledge that that is an accurate description of what the Government have tried to do since 1997.

I now turn specifically to the VAT rules. I should explain that the VAT treatment of construction work is mainly the product of the historical development of the tax decisions taken by previous Governments. When VAT was introduced in 1973, zero rating applied to the construction, extension and alteration of all buildings. However, the then Government decided not to apply that relief to any service of repair, maintenance, or refurbishment of any building, except for a small number of alterations made to listed buildings or to facilitate access and use by disabled people. Following a European Court ruling, the VAT relief for commercial construction was withdrawn in 1989.

The current position is therefore that VAT relief applies only to the construction of certain new residential and new charitable buildings. In the case of charitable buildings, that VAT relief for new constructions applies only if the building will be used by a charity solely as a village hall or similarly in providing social or recreational facilities for a local community, or less than 10 per cent. for a non-business use; for example, an activity for which no charge is made.

VAT has always been chargeable on repairs, maintenance and refurbishment for all types of buildings, although there is some limited relief in relation to alterations to listed buildings, or alterations to certain buildings to facilitate access and use by disabled people, as I have said.

I am grateful to my hon. Friend for drawing my attention to the circumstances of Hirst welfare centre in his constituency. It clearly has an august history, as some of the great sportsmen and women of this country began to develop their interest in sport there. As a Manchester City fan, I will not hold it against my hon. Friend that Bobby Charlton learned his trade at the Hirst welfare centre.

As my hon. Friend is aware, the administration of VAT reliefs set down by Parliament is a matter for Her Majesty's Revenue and Customs and it would not be appropriate for me to comment on this, or any other specific case. As I have said, there is VAT relief in certain circumstances for new constructions of, for example, village halls and it may be that a newly built miners' welfare institute could qualify for that relief. The building would have to be for use by a charity. As my hon. Friend said, there should be a high degree of local community involvement in its operation and activities, which should be predominantly social and/or recreational and no part of the building should be dedicated exclusively to a non-social or non-recreational activity. However, as has always been the case, even if the building were to qualify as a village hall, VAT relief would not extend to repairs, refurbishment or alterations, except in the circumstances that I have already described.

If the Hirst welfare centre believes that it qualifies for VAT relief, there are well established procedures in place for HMRC to consider or reconsider the VAT treatment that should apply, and I would strongly encourage the trustees and my hon. Friend to pursue those. If there is still no agreement, an appeal may be made to the independent VAT and duties tribunal to decide the matter.

If it were to transpire that the Hirst welfare centre, having disclosed all relevant facts to HMRC, relied upon an incorrect ruling from HMRC—as my hon. Friend suggested might have been the case—and undertook a construction project on the understanding that no VAT would be incurred, HMRC would consider whether an ex gratia payment, equal to the VAT incurred, would be appropriate.

That is a matter for HMRC, and one in which it would be inappropriate for me to intervene directly. However, in such circumstances, provision exists for HMRC to use discretion. If my hon. Friend is right about the assurances given at the beginning of the process, that might be a useful avenue for him and the trustees to pursue.

My hon. Friend may ask whether anything can be done to remove VAT costs in this and similar situations. I should make it clear that, under the normal VAT rules, VAT chargeable on any construction work can be reclaimed by a VAT-registered miners' institute through the VAT system, when it relates to taxable business activities such as bar sales. Therefore, provided that the institute is VAT-registered, we would expect at least some of the VAT cost to be reclaimable.

However, the fundamental principles of the tax system mean that VAT is not chargeable on exempt or non-business activities, and that the supplier is unable to reclaim VAT costs incurred in providing those activities. The same applies to all the activities of organisations that are not registered for VAT.

The VAT rules apply equally to all businesses, charities or community groups. I am sure that my hon. Friend will appreciate that the situation that he describes is not unique to miners' institutes. Many other groups are in a comparable position, in that they provide a range of facilities or services to the community and are subject to the same VAT rules. For that reason, when community bodies or charities bid for funding for capital projects, it is usual for the bids to take into account any irrecoverable VAT costs.

As my hon. Friend is probably aware, VAT reliefs are governed by European agreements, entered into by successive Governments, that mean that we cannot extend existing VAT reliefs or introduce new ones. Therefore, it is simply not possible to introduce a zero rate for the repair or refurbishment of miners' institutes and community facilities, for example, or to extend the existing VAT relief for new constructions. Similarly, the availability of reduced VAT rates is governed by European agreements that provide no scope for the introduction of a reduced rate for the repair or refurbishment of any buildings other than housing.

As European agreements mean that it is not possible to extend the existing VAT reliefs, my hon. Friend might ask why we do not simply undertake to refund or compensate

an institute for any VAT that is not reclaimable through the VAT system. Such a solution would not be without major difficulties, although of course we recognise the broader problem that irrecoverable VAT can create for charities and community groups. The issue has been considered in two major reviews since 1997.

The reviews led us to two basic conclusions. First, we concluded that it would not be an affordable or efficient use of public resources to reimburse all charitable, voluntary and community bodies in the UK for the VAT that they incur, regardless of the activities that they are involved in or their financial health. Secondly, we determined that there was no fair and principled basis on which we could decide that some organisations would be reimbursed their VAT and others would not. That remains the Government's position.

We have therefore chosen to provide support to achieve our social priorities outside the VAT system. I have mentioned one example already; the benefit accruing to coalfield areas from the Government's 10-year, £500-million commitment to social regeneration.

My hon. Friend has raised an important issue and shone a light on a matter that otherwise would not get attention at this level. I listened carefully to what he said. As I noted earlier, I cannot comment on the specific case that he mentioned, other than to say that HMRC administers the VAT rules set down by Parliament and interpreted by the courts over the years. Well established arrangements are in place to settle disputes about the application of the rules and about what should happen if a fully informed officer of HMRC gives a wrong decision that in the end is to the detriment of taxpayers.

My hon. Friend has made an important case this evening. I urge him and the trustees of Hirst welfare centre to approach HMRC at a senior level and argue that there should be a different outcome in these circumstances. In addition, although I cannot intervene directly in the matter, I am certainly willing to facilitate contact between him and his trustees and senior officers in HMRC.

Given the constraints placed on me, I hope that my hon. Friend will find my response helpful. Moreover, I hope that the Hirst welfare centre trustees will see from the debate that their constituency representative has raised the matter in a responsible and effective manner and that, where possible, the Government will listen to the representations made to them.

Question put and agreed to.

Adjourned accordingly at half-past Seven o'clock.

Deferred Division

NORTHERN IRELAND

That the draft Local Government (Boundaries) (Northern Ireland) Order 2006, which was laid before this House on 22 March, be approved.

The House divided: Ayes 262, Noes 184.

Division No. 217]

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blair, rh Mr. Tony
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, [illegible] Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan

Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lucas, Ian
MacDougall, Mr. John
Mactaggart, Fiona
Mahmood, Mr. Khalid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, Mr. Tony
Meale, Mr. Alan
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pickstt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Winnick, Mr. David
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain

NOES

Afriyie, Adam
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brooke, Annette
Browne, Mr. Jeremy
Bruce, Malcolm
Burrowes, Mr. David
Burstow, Mr. Paul
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Duddridge, James
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, David
Hughes, Simon
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
McCrea, Dr. William
McDonnell, Dr. Alasdair
McGrady, Mr. Eddie
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paisley, rh Rev. Ian
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, Mrs. Iris
Robinson, Mr. Peter
Rogerson, Mr. Dan
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Tapsell, Sir Peter
Taylor, Mr. Ian

Taylor, Dr. Richard
Teather, Sarah
Turner, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Wiggin, Bill
Williams, Hywel
Williams, Stephen
Willis, Mr. Phil
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Younger-Ross, Richard

Question accordingly agreed to.

House of Commons

Thursday 27 April 2006

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

REPORT OF THE SPOLIATION PANEL

Resolved,

That an Humble Address be presented to Her Majesty, That she will be graciously pleased to give directions that there be laid before this House a Return of the Report from the Right Honourable Sir David Hirst, Chairman of the Spoliation Advisory Panel, in respect of four drawings now in the possession of the British Museum.—*[Mr. Cawsey.]*

Oral Answers to Questions

EDUCATION AND SKILLS

The Secretary of State was asked—

Personalised Learning

2. **Jim Dobbin** (Heywood and Middleton) (Lab/Co-op): At which children her policy of personalised learning in schools will be targeted; and if she will make a statement. [66204]

The Secretary of State for Education and Skills (Ruth Kelly): All children can, and should, benefit from increasingly personalised learning. We have announced a total of £990 million of additional funding by 2007–08 for that purpose. All schools will receive extra funding, but we will target those facing the greatest challenges—schools with pupils from deprived backgrounds or with low prior attainment.

Jim Dobbin: In Heywood and Middleton, the local education authority intends to spend some of that money developing new technologies to help and support children at home, because some children have struggled in the transition from primary to secondary school. Is that the kind of project that the Secretary of State is willing to support?

Ruth Kelly: Yes, indeed. The project in Heywood and Middleton is innovative, and my hon. Friend is right to point to the difficulties that some children face in making the transition from primary school to secondary school. Alongside the funding for personalised learning, we have recently set out plans to invest £40 million in parent support advisers, specifically to enable secondary schools quickly to identify those children who face the greatest challenges and to work with them and their families in order to support them in secondary school. The scheme outlined by my hon. Friend is another interesting way to try to address those issues.

Mr. Peter Bone (Wellingborough) (Con): Will the Secretary of State help my constituents? A number of pupils have been left without any education for months on end, and I recently found out about a case in which a pupil was left for a year without any education. What measures will the Secretary of State take to improve the situation?

Ruth Kelly: As the hon. Gentleman knows, local authorities will have a duty, which is set out in the Education and Inspections Bill, to identify all those children who are missing education and to provide them with an appropriate education and their families with a choice of education. He has made a very serious point; we must tackle truancy, which may lead to children becoming completely disaffected. We must also provide opportunities for those children who have been excluded from school to have a decent and appropriate education, which is why our investment in pupil referral units is so important. We must continue to raise the quality of education provided in those units, so that pupils who are being educated in them achieve good results.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Will my right hon. Friend take particular note of the research by the Institute for Public Policy Research on personalised learning and its effect on social mobility? Yesterday, we celebrated in the House of Commons the second anniversary of the launch of volunteer reading schemes. Both the research and the volunteer reading schemes indicate the importance of training intermediaries and we must ensure that we have the best qualified people in this country, whether they are volunteers or teachers, to make personalised learning work.

Ruth Kelly: My hon. Friend is right. He must have read the speech that I made yesterday to the IPPR on social mobility, in which I drew attention to the fact that if we have catch-up lessons for those children who start to fall behind and push to their maximum potential those children who demonstrate real ability in the classroom through genuine personalised learning, we can make a significant difference to not only the number of children who obtain five good GCSEs, but the progress that children make later in life, which relates to social mobility. He is also right to draw attention to the potential of reading schemes in primary school and later. The research conducted on reading recovery is powerful, but so is the evidence on synthetic phonics, which is why we have emphasised that children should be taught synthetic phonics first and fast, which will not only improve the quality of reading, but help to close the class gap.

World Skills Championship

3. **Ms Angela C. Smith** (Sheffield, Hillsborough) (Lab): What support her Department will be giving to the world skills championship to be held in 2011; and if she will make a statement. [66205]

The Parliamentary Under-Secretary of State for Education and Skills (Phil Hope): Hosting the world skills championship in London will offer world skills a global stage, and it will also bring economic and social rewards to the UK. The brochure links world skills 2011 with the 2012 Olympics. That link between excellence in sport and excellence in skills forms a unique offer to world skills, and it will help us to change public attitudes in this country about skills. I should add that the Government are match funding and underwriting the whole event.

Ms Smith: I am sure that the whole House will join the Minister in hoping that the UK bid triumphs in Melbourne in May. Will my hon. Friend tell the House what role he thinks that world skills 2011 could play in meeting the distinctive skills needs of each region of the UK?

Phil Hope: I attended the world skills championship in Finland last year. It was genuinely inspiring as we saw young people competing to demonstrate their skills at the highest level, benchmarking themselves against the rest of the world. I hope that we have full support across this House for our bid to host the championship. Whatever the result in Melbourne on 10 May, we intend to re-energise skills competitions over the next five years so that we really celebrate success. We are going to create a new framework at local, regional, national and international levels to ensure that we raise the profile of skills, raise aspirations and improve supply. In Northern Ireland, Wales, Scotland and all the English regions, we can target skills competitions around skills needs in the different regions and nations of this country.

Mr. John Hayes (South Holland and The Deepings) (Con): We welcome the bid to stage the world skills championship. However, the Minister knows that, as the leaked report has shown, Britain faces a skills crisis, particularly a language skills crisis. A Secondary Heads Association survey reveals that the number of post-14 pupils studying languages is plummeting and only a fifth of 15-year-olds now study a foreign language. A Government-sponsored report shows that Britain is bottom of the class in Europe for language skills—28th out of 28 countries. In Olympic terms, the Minister is the Eddie the Eagle of language skills. Given that failure, in what specific ways did the Government take account of language skills when designing the new vocational diplomas?

Phil Hope: The Education and Inspections Bill, which the hon. Gentleman and I are currently discussing as we take it through Parliament, will give us the opportunity to discuss the future of the national curriculum, including the importance that the Government place on encouraging young people to take up language opportunities, not least in primary schools as well as secondary schools, and to make modern foreign languages attractive and interesting for young people across the piece.

I want to emphasise that if we succeed in our bid to host the world skills championship, which will attract representatives from 45 countries from across the world to London, young people from Newham will act as volunteers, teaming up with each country's team of young people to provide them with a tailor-made service, including being able to speak to them and support them in the languages of their nations. That is because we have such a rich cultural diversity of young people and nations in our capital city of London.

Extended Schools

4. **Helen Goodman** (Bishop Auckland) (Lab): What progress she is making with her proposals for extended schools; and if she will make a statement. [66206]

The Minister for Children and Families (Beverley Hughes): More than 6,000 schools are engaged with the extended schools development programme. The strong engagement of schools and local authorities means that we are making good progress towards our target of all schools offering access to extended services by 2010. The early evaluation that we have carried out demonstrates that extended services can have a positive impact on the attendance and motivation of pupils, enhance children's and families' access to services and, if well managed, relieve pressure on teachers' workloads.

Helen Goodman: I am most grateful to the Minister for that report on the excellent progress that is being made on the extended schools programme. Every day, children need the opportunity to play and to relax. Is she aware of the work being done by the National Association of Toy and Leisure Libraries to encourage games clubs in schools, with lots of ideas for outdoor games, card games and board games—every kind of possibility—and what is she doing to support such activities?

Beverley Hughes: I agree with my hon. Friend that particularly, but not exclusively, for young children, play is a very important part of the concept of extended activities in schools. Indeed, the prospectus that we published made it clear that we want play to be an important aspect. Children should not just have study support and curriculum-focused activities at the end of the day; we want them to relax and unwind in a secure and stimulating environment. Schools will be talking to parents and children as they plan what is required for their extended activities, and I am sure that parents will want that to happen. Because extended schools activities are about working in partnership with other organisations, and not schools doing it themselves, I am sure that the National Association of Toy and Leisure Libraries will have a big part to play in ensuring that extended activities can include play.

Sarah Teather (Brent, East) (LD): The Minister will be aware of the Headspace survey that suggested that 37 per cent. of head teachers had no intention of offering the extended schools scheme. Does she think that that might be because the money provided by the Government is enough only to pay for one extra teacher per school?

Beverley Hughes: No, I do not. We are on a journey with extended schools. As I said, more than 6,000 schools are working with us directly to provide extended services. The baseline survey that we conducted at the outset showed that approximately 95 per cent. of secondary schools and

87 per cent. of primary schools already offered extended activities after school to some extent. There is therefore a great deal of interest and commitment. Extended activities help schools to maximise the attainment of their children and support parents in doing that. Schools that have provided extended activities for some time are convinced of the benefits. I am sure that, as we develop the programme, that will be the case for all schools. The money provided—£840 million so far—is for start-up costs. Schools need to ensure that they sustain activities and we will support them with a charging regime to ensure that they do.

Mr. Philip Hollobone (Kettering) (Con): What assurance can the Minister give that the £840 million will go to schools and not be tied up in local education authorities? What assessment has been made of the extra burdens on head teachers, teachers and school governors of implementing the project?

Beverley Hughes: A significant proportion of the £840 million goes directly to schools, with the remainder going through local authorities. Schools will receive a substantial amount of money directly from the Department to support the development. The money is not for supporting activities in the long-term, but for the development of such activities.

We commissioned research from Manchester university on the impact on schools, and there has been an interim report. One finding is that if the project is managed in the right way, it reduces the burden on teachers. By that I mean that provided that head teachers do not take the view that they have to do everything themselves—we do not want them to take that view—but garner the support and opportunities offered by other organisations in the locality, including voluntary organisations and child care providers who want to work with them, the impact on schools can be beneficial in releasing teachers for their core job, which is teaching.

Academy Schools

5. **Mr. Rob Wilson** (Reading, East) (Con): How many academy schools are planned to open in the next 12 months. [66208]

The Secretary of State for Education and Skills (Ruth Kelly): Nineteen.

Mr. Wilson: I thank the Secretary of State for that reply. She knows that I am an enthusiastic supporter of academies and trust schools. Indeed, children from my constituency will shortly benefit from the Madejski academy. However, several constituents have alleged that Reading education authority has been involved in financial maladministration and gross mismanagement in relation to the academy and council tax payers. Will the right hon. Lady undertake to examine that as a matter of urgency to ensure that the success of the academy programme is untarnished?

Ruth Kelly: I welcome the hon. Gentleman's support for the academy programme. Indeed, I welcome support for the programme from wherever it comes in the House and outside because the programme is making such a difference to the life chances of some of our children in the most deprived communities in the country.

The allegations that the hon. Gentleman just made in the House have never been brought to my attention. I am happy to consider them. If he writes to me, I shall do that and give him a full response.

Sir Peter Soulsby (Leicester, South) (Lab): Is the Secretary of State aware of the likely disastrous effects on existing schools and the education of their pupils of establishing an academy on the site of the former Mary Linwood school in Leicester? Will she ensure a full and open review of such effects on other schools before any further academies are set up?

Ruth Kelly: We have looked at the evidence closely. Only yesterday, I published evidence that showed that the value added—the progress made by pupils in academy schools between the ages of 14 and 15—was greater than that in comparable schools. That has happened in the first two years of their operation, and our initial evidence suggests that, while academies have been improving pupils' results, the results in neighbouring schools have been improving at the same time. I therefore assure my hon. Friend that academies will start to tackle ingrained educational disadvantage while other local schools start to improve their results, too.

Sammy Wilson (East Antrim) (DUP): Is the Secretary of State disappointed by the negative attitude of teachers' unions to the proposal to build more academies, given that it has brought more private and public money into the school system, especially for some schools that are experiencing problems? Will she give an assurance that the negative attitude of the teachers' unions will not lead to a Government retreat on the initiative?

Ruth Kelly: I can certainly give the hon. Gentleman that assurance. We are completely committed to our goal of establishing 200 academies, and we are moving faster than we would have anticipated at this stage, with more than 100 already up and running or in the pipeline. If the hon. Gentleman looks at the evidence, he will see that the staff who work in the academies are completely convinced of the difference that they are making to the achievements of young people, and that the sponsors of the academies are contributing to educational attainment. About 84 per cent. of the teaching staff in those schools say that the sponsor has made a positive difference to the values, the ethos and the achievement of the young people in them. I can give the hon. Gentleman a definite assurance on that.

Mr. David Chaytor (Bury, North) (Lab): If the full programme of 200 academies is implemented, will they all be built on the basis of £20 million coming from the state and £2 million coming from the sponsor, or are other funding models being considered?

Ruth Kelly: Of course, all these questions are kept under review. At the moment, we have a system in which 10 per cent. or thereabouts of the capital cost of an academy is contributed by a sponsor. However, the important aspect of the academies project is not the financial contribution of the sponsor. It is the time, the energy and the commitment that the sponsor gives

to the project that can make such a big difference. Indeed, in taking the trust school programme forward, we are trying to bring the commitment of other external partners to the education of state school pupils in the most disadvantaged schools in our inner cities and most deprived areas, so that they can benefit from that commitment too.

Miss Julie Kirkbride (Bromsgrove) (Con): Does the Secretary of State agree that creation as an alternative to evolution should be taught in academy schools if the sponsors so wish?

Ruth Kelly: I do not, and there is no evidence whatever that that is happening. That allegation is most frequently made against the Emmanuel schools run by Sir Peter Vardy. Ofsted has inspected those schools on numerous occasions and one of them was yesterday given its third outstanding report. Ofsted has looked specifically at their science curriculum and at whether creationism was being taught in those schools, and it has concluded that it is not.

Dr. Ian Gibson (Norwich, North) (Lab): Will my right hon. Friend confirm that an early stage in the development of an academy is the feasibility study? What exactly does such a study involve? Does it, for example, involve an investigation of the individuals who put up the £2 million?

Ruth Kelly: Of course due diligence requirements are carried out on potential sponsors, and there is a rigorous method of ensuring that they fulfil those requirements. There are also due diligence requirements and extra safeguards in relation to trust backers.

Mr. David Willetts (Havant) (Con): May I assure the Secretary of State that whatever hostility to academies there might be on her side of the House, we strongly support them? One of the many freedoms that academies enjoy is the freedom to employ their own staff. To do that, however, they depend on the Government to give them full information about the staff that they wish to employ. Among the 1,000 foreign convicted criminals released by the Home Office, there were drug dealers, violent offenders and 21 sex offenders, some of whom had been accused of offences against children. Can the Secretary of State assure the academies and all parents that any offenders who should have been placed on list 99 and on the register of sex offenders—*[Interruption.]*

Mr. Speaker: Order. The hon. Gentleman is totally and utterly out of order—*[Interruption.]* Order. It is not a rule of the House that Front Benchers are called to speak. It is a privilege that the Speaker gives to them, and they should not abuse that privilege. I call Dr. Roberta Blackman-Woods.

Free Tuition

6. **Dr. Roberta Blackman-Woods** (City of Durham) (Lab): If she will make a statement on the introduction of free tuition for a first level 3 qualification. [66209]

The Minister for Higher Education and Lifelong Learning (Bill Rammell): There will be a new entitlement to free learning for level 3 qualifications for those aged 19 to 25, supported by an expanded adult learning grant. The 19–25 entitlement and national rollout of the adult learning grant will both be implemented from 2007–08.

Dr. Blackman-Woods: Does my hon. Friend agree that the entitlement to a level 3 qualification and the extension of the adult learning grant are very important to young adults in constituencies such as mine, where post-16 staying-on rates historically have been very low? Will he tell the House what his Department will do to let young adults in my constituency and elsewhere know about these new entitlements?

Bill Rammell: One of the biggest challenges that we face is the low level of participation at age 16 in this country. Historically, young people, particularly those from more disadvantaged backgrounds, have hit a brick wall in terms of their entitlement to free education to level 3 at age 19. This provision will really help. We are reviewing the information, advice and guidance service to ensure that we effectively get across the new entitlement to as many young people as possible.

Sixth-form Colleges

7. **Kelvin Hopkins** (Luton, North) (Lab): If she will encourage the establishment of more sixth-form colleges; and if she will make a statement. [66210]

The Parliamentary Under-Secretary of State for Education and Skills (Maria Eagle): Yes, the recent further education White Paper, "Raising Skills, Improving Life Chances" reaffirmed our commitment to a strong and growing sixth-form college sector. The White Paper announced that new sixth-form colleges should be considered an option where new 16 to 19 provision is needed locally, including where there is a 16 to 19 competition, and a presumption in favour of proposals from successful colleges wishing to expand to deliver new specialised diplomas. We expect to issue guidance on that in the coming months.

Kelvin Hopkins: I thank my hon. Friend for her answer. She will recall from a parliamentary answer given to me earlier this year that a direct and strong correlation exists between sixth-form size and exam success. Sixth-form colleges, such as that in my constituency, perform superbly well. It is argued that had sixth-form colleges been left with local education authorities, another 100 or more would have been created. Will she intervene directly to ensure that many more sixth-form colleges are created to the benefit of thousands of students every year?

Maria Eagle: I congratulate my hon. Friend on the great interest that he takes in this matter. He is a governor of one of his successful local sixth-form colleges, and has always pursued assiduously the interests of sixth-form colleges, which can bring diversity to the local provision of education for this age group. He can be assured that we want to support sixth-form colleges and their expansion where they are

successful as part of a local mix of provision that allows children to go where they will do best, whether that is to local schools, sixth forms or colleges.

Bob Russell (Colchester) (LD): Is not the Minister aware that where there are sixth-form colleges alongside selective and other schools with sixth forms, the difference in funding given by the state to sixth-form colleges, such as that in Colchester, is disproportionate? No group of schools with sixth forms will voluntarily give up their sixth forms to create a sixth-form college unless the local education authority oversees it.

Maria Eagle: The hon. Gentleman will be aware that we are closing the funding gap to which he refers, so proper choice and appropriate diversity should be much more available to suit the local area. I hope that he can support that.

Mr. Brian Jenkins (Tamworth) (Lab): As the road has been taken once before of trying to impose sixth forms on Staffordshire schools, may I warn my hon. Friend about the flak that she will take? If we are to encourage schools to come together and youngsters to make the choice that suits their needs better, that is fine, but we should not send out the signal that we will take such a valuable asset—the sixth form—from secondary schools.

Maria Eagle: My hon. Friend can be assured that we are not saying to any school that they should or should not have a sixth form. The appropriate mix for local children and young people to do best, and to improve the strength and capacity of the local education system to provide vocational courses for young people, is what we aim to strengthen. That is a matter for local people. We are seeking not to impose or to tell schools or colleges how they should do that locally but to support their choices.

Mr. Crispin Blunt (Reigate) (Con): In all the briefings that I have had from Dr. Paul Rispoli, the excellent principal of the successful Reigate college, the issue of differential funding has recurred constantly. I note that the Education and Skills Committee says that

"it makes no sense that a student undertaking a course at a Further Education college should, other things being equal, be less well funded than a student taking the same course at a local school."

Is the Minister saying that from now on courses will be equally funded and that her promotion of sixth-form options at schools will not be at the expense of colleges, because such schools will be better funded than colleges?

Maria Eagle: As I said to the hon. Member for Colchester (Bob Russell), we are closing the funding gap referred to by the college principal by some eight percentage points over the next two years. We are trying to ensure that proper choice is available locally to young people and other learners to learn in the environment that they consider suits them best, vocationally and academically. I hope that both the hon. Member for Reigate (Mr. Blunt) and his college principal feel able to support that.

Mr. David Kidney (Stafford) (Lab): As an alternative to the suggestion of my hon. Friend the Member for Luton, North (Kelvin Hopkins), in suitable cases may I commend Stafford's collegiate approach? All secondary schools, one sixth-form centre and one further education college have pooled their resources to offer the widest possible choice of courses to sixth-form students. Is that not a good way of improving the educational offer to all sixth-form students?

Maria Eagle: My hon. Friend has given a good local example of best practice. My hon. Friend the Member for Luton, North (Kelvin Hopkins) could have done the same had he chosen to ask a question about Campus Luton. It is right for areas to be able to organise local provision in the best possible way for them and their young people, and that is what these changes, and the extra support for FE and sixth-form colleges, are designed to achieve.

GCSE (Science)

8. **Mrs. Nadine Dorries** (Mid-Bedfordshire) (Con): If she will make a statement on changes to the science GCSE. [66211]

The Minister for Higher Education and Lifelong Learning (Bill Rammell): We are improving the science GCSE by making the school science curriculum more engaging, catering for a wide range of students' interests and aptitudes, and still maintaining the breadth, depth and challenge of the current curriculum. We are also introducing a new statutory entitlement to study science programmes leading to at least two GCSEs.

Mrs. Dorries: Countries such as China are making massive economic advances in subjects such as science and technology. Why does the Minister think it appropriate, in the face of such global economic competition, to dilute the standard of science that is taught in our schools and to close Nobel prize-winning science departments in our universities?

Bill Rammell: I assume that the hon. Lady is referring to the proposals for Sussex university that are currently being considered. Universities are autonomous—that is one of the strengths of our university system—but even if the Sussex proposals go ahead, the places will be picked up by neighbouring universities. Whatever is happening in one institution should not dilute the fact that in the current academic year we have seen a 12 per cent. increase in the number of students applying to study chemistry, and will see a further 5 per cent. increase next year. I believe that developments are moving firmly in the right direction.

Dr. Brian Iddon (Bolton, South-East) (Lab): In 1997, the state of the science laboratories in many of our schools was absolutely terrible. The Government invested a considerable amount in improving those facilities, but may I suggest that we need to go further?

Bill Rammell: We are committed to going further, as my hon. Friend will see if he looks at our projections for the future. In the coming financial year we are investing

some £6 billion in the capital investment infrastructure in our schools, which is 10 times the sum that was invested in 1997.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): At our last Education Question Time, the Minister for Schools said that in future all pupils would be entitled to study two sciences at GCSE level. We welcomed the Chancellor's Budget announcement that in future all pupils who achieved level 6 in science at key stage 3 would be entitled to study the three separate sciences at GCSE. Currently, 480,000 students take the double-award GCSE, compared with just 43,000 who take GCSEs in the three separate sciences. Does the Minister agree that all pupils should be given the opportunity to study the three separate sciences? What action will he take to encourage all schools to make them available to all pupils?

Bill Rammell: First, our proposal for reform of the science GCSE programme will help to ensure that there is progression to higher levels in science learning. Secondly, we propose to establish co-operation between schools, colleges and universities by 2008, so that every child who wishes to choose triple science will be able to do so. I consider that to be a significant advance.

Non-Vocational Education

9. **Dr. Vincent Cable** (Twickenham) (LD): What assessment she has made of the value of non-vocational adult education. [66212]

The Parliamentary Under-Secretary of State for Education and Skills (Phil Hope): We believe that non-vocational adult learning increases motivation to learn and self-confidence and improves family and community relationships. It also brings wider benefits such as improved health, greater tolerance and reduced crime. That is why the Government have committed some £210 million to personal and community development learning in 2006–07 and 2007–08.

Dr. Cable: Do Ministers have memories? Do they not remember that 15 years ago they campaigned alongside women's institutes against what they described as the mindless philistinism of the then Conservative Government, who sought to introduce the policy that this Government have now adopted: channelling resources much more into narrow vocational skills—which employers are often happy to pay for themselves—and away from the popular, broad-based non-vocational courses greatly favoured by many people, particularly older adult learners?

Phil Hope: Yes, I do remember the philistinism of the Conservatives when they were in power; I was a county councillor at the time and I had to deal with some of the implications of the appalling cuts that they inflicted on our education system. Broadly speaking, we are focusing our adult learning priorities on level 2 qualifications—for which, as we heard earlier, there is a great need in this country—skills for life, and 16 to 18-year-olds. That is not to say, however, that we are not investing in adult learning. In 1996 some 78,000 older learners were taking adult learning classes; by 2005 that figure had doubled to approximately 147,000, so there has been an increase. If people, including the Liberal Democrats, value short courses in stand-up comedy—they are available—and tarot card reading, they should be able to do them. However, we might expect them to make a little more of a contribution to the cost of such courses.

Tom Levitt (High Peak) (Lab): I was pleased to be invited a few weeks ago to the 10th anniversary of the university of the Third Age in Buxton—a magnificent organisation that is doing very well indeed, and which, of course, is not dependent on Learning and Skills Council funding. Although I do not oppose the principle of refocusing such funding—my hon. Friend has talked about that—the speed of change during the transition period is causing real problems for some organisations other than the U3A that are providing adult non-vocational education. Will my hon. Friend look again at the speed of the transition period?

Phil Hope: Yes. I should reaffirm that the £210 million personal and community development learning budget has been ring-fenced for the next two years to ensure that we protect family and neighbourhood learning, for example. On the wider roll-out of our priorities, we see evidence of colleges—City college Brighton and Hove is an example—that are able to increase both fees and participation rates. We are asking colleges about this issue and we signalled the direction of travel in successive White Papers, including the recently published further education White Paper on raising skills and improving life chances. I expect local colleges to take the opportunity provided by the roll-out of the train to gain programme, in particular, to increase fees and participation rates, and start providing much better delivery of the skills training that our employers require.

Mrs. Maria Miller (Basingstoke) (Con): The Government's policy of focusing further education funding on skills for life and level 2 qualifications has meant that courses in FE colleges suitable for adults with severe learning disabilities, which are often non-vocational, are being cut, because they do not neatly tick the boxes for the Government's national priorities. I recently met a group of young men with learning difficulties who attend many different colleges, including those in Reading, Newbury and Alton. This year, all their courses have been cut. Does the Minister feel that it is right to take away these men's opportunities for more independent living—and perhaps even employment—or will he join me in looking for ways to change what he will doubtless agree is an unintended consequence of the current policy?

Phil Hope: It is not an unintended consequence of Government policy—nor, indeed, an intended one—to cut such training and courses for the client group to which the hon. Lady referred. Adults with learning difficulties and disabilities are a priority for the Government, as we have made clear to the Learning and Skills Council. Indeed, we spent £1.5 billion in 2004–05 on meeting the needs of some 641,000 learners with learning difficulties and disabilities. This issue is a priority for the Government and will remain so.

Classroom Assistants

10. **David Taylor** (North-West Leicestershire) (Lab/Co-op): How many classroom assistants have been recruited by primary schools in (a) England and (b) Leicestershire since 2001; and if she will make a statement. [66213]

The Minister for Children and Families (Beverley Hughes): In January 2001 there were 65,500 teaching assistants—that includes classroom assistants—employed in maintained nursery and primary schools in England. The number had increased to 97,900 as at January 2005. The equivalent figures for Leicestershire were 600 in 2001 and 1,200 in 2005. Figures released today show a further increase in the number of teaching assistants in the maintained school sector in England, with numbers rising to 152,800 in 2006.

David Taylor: I am grateful for that answer, which illustrates the success of the initiative in helping to drive up standards in primary schools across the land. There is, however, a continuing problem in the deployment of classroom assistants, which other hon. Members may have encountered. Can the Minister tell the House what changes are planned to harmonise the employment conditions of those often low-paid staff, who are of course predominantly female?

Beverley Hughes: Yes, I can. The pay and conditions of support staff are determined at local level so that they can fit local circumstances. First, many local authorities are reviewing the pay of, and undertaking job evaluations for, support staff in the light of the single status agreement. Secondly, the Government are working directly with social partners to determine how best to ensure fair play and rewards for staff. Thirdly, we have also extended the remit of the Training and Development Agency for Schools to encompass some of the issues around career pathways and career escalators. Finally, we have developed new vocational qualifications and opportunities for support staff to improve their qualifications and their career development while they are employed.

Mr. Michael Foster (Worcester) (Lab): The increase in the number of classroom assistants in England is reflected in Worcestershire. What evidence does the Department have of the impact of those greater numbers of classroom assistants?

Beverley Hughes: As I just said, decisions about employing classroom assistants and the way in which they are deployed are matters for local determination, but we are receiving increasing evidence from schools and local authorities that this is an important source of support for teachers, not least as we move towards personalised learning, which schools will have to adopt if they are to maximise the attainment of all children and, in particular, reduce inequalities for low achievers. However, as I have just said, the Training and Development Agency for Schools now has an extended remit and is beginning to undertake a much more systematic survey of evidence on the impact that classroom assistants have on the important agenda of children's levels of attainment.

Students (Career Choices)

11. **Michael Fabricant** (Lichfield) (Con): What steps she is taking to enable students in higher education better to match their aspirations and future employment prospects in chosen careers; and if she will make a statement. [66214]

The Minister for Higher Education and Lifelong Learning (Bill Rammell): Graduates' contribution to our economic growth is greatly valued and there is significant alignment of needs, with evidence of low unemployment rates and high utilisation of university-acquired skills. A key driver of Government policy at all levels is a better fit for the education provided with the skills needs and career opportunities in the economy.

Michael Fabricant: In a debate last week on the Science and Technology Committee report, we learned that there are some 50 courses on forensic science and some 350 different course combinations. Those include courses such as forensics and music, forensics and drama, and forensics and a foreign language, but apparently those courses do not provide the sort of qualification needed to have a career in forensics. Similarly, a degree in media studies is less likely than a degree in chemistry or history to get someone a job in the BBC. How can we better meet the aspirations of people studying for degrees in achieving the careers that they want?

Bill Rammell: That is the old chestnut about media studies again. In terms of employability, media studies has one of the best track records for degree qualifications. The hon. Gentleman's point about forensic science is an important one, and we need to ensure that students are aware of which qualification will lead to which particular career opportunity. However, I am heartened and encouraged by the fact that applications for the STEM subjects—science, technology, engineering and maths—have increased in the past year. I refer to the significant increase in chemistry applications mentioned in answer to a previous question.

Kali Mountford (Colne Valley) (Lab): Yorkshire Forward is investing a large amount of money in universities and technical textiles, but one of the problems in trying to advance an important industry for our area is that some schools have not really geared up for the new industries of the future. What can be done to co-ordinate work in schools so that they are properly skilled to take advantage of the work being done in universities?

Bill Rammell: The most significant thing is the development of the 14-to-19 agenda and the diplomas that will directly attempt to ensure that we are capturing at the age of 14 young people who may be switched off and lost from the academic route, so that they have a decent, high-quality, high-standard vocational route to lead them not only to a particular career choice but also, ultimately, to university too, if that is their choice.

Mr. Owen Paterson (North Shropshire) (Con): Walford and North Shropshire college delivers 500 courses to 8,500 adults at 150 venues. Those courses

are of extraordinary value. People do not only learn skills; if they cannot read, that is picked up and they are brought into the world of reading. I wrote to the Minister after I posed a question at Education and Skills questions last November. He replied, but he did not answer the question. The White Paper wants museums and other institutions to deliver such courses, which is wholly inappropriate in a rural area such as Shropshire. I wrote to the Secretary of State on 5 January and again on 23 February. May I bring Mr. Pugh to visit the Minister and educate him on the realities of education in a rural area?

Bill Rammell: I will happily respond to the hon. Gentleman, and I shall be happy to meet his constituent, but I think that the hon. Gentleman is genuinely misinformed, as the types of qualification that he has just outlined fit absolutely into the skills for life requirement, which is a fundamental priority in the funding system.

National College for School Leadership

14. **Mr. Pat McFadden** (Wolverhampton, South-East) (Lab): What assessment she has made of the contribution of the National College for School Leadership to improving professional development of head teachers. [66217]

The Minister for Schools (Jacqui Smith): The National College for School Leadership has a pivotal role to play in equipping our school leaders with the skills and support that they need to achieve our ambition of having a world-class education system. We have agreed a balanced scorecard with the college, which sets out clear criteria against which its success will be measured. I have termly meetings with the chair and chief executive of the college to review progress.

Mr. McFadden: Does the Minister agree that strong leadership in schools is vital in raising standards and, most importantly, in raising aspirations, so does she welcome the fact that 14,000 candidates have completed the headship qualification since 2001? Will she ensure that the structural changes implemented through the Education and Inspections Bill are equally matched by a departmental focus on the importance of school leadership?

Jacqui Smith: My hon. Friend rightly draws attention to the 14,000 heads and prospective heads who have been able to achieve that qualification through the National College for School Leadership. He is absolutely right that school leadership is fundamental, which is why I am so pleased about Ofsted's recent finding that 75 per cent. of leadership and management is good or better, and that the current generation of school leaders is the best ever. He is right to say that the provisions in the Education and Inspections Bill, especially the opportunity for schools to bring in external partners to help to develop governance and leadership, are an important step forward. I can give him an assurance that the Government will continue to support school leaders, not least through the National College for School Leadership—which, of course, Opposition Members would have abolished had they won the general election.

Classroom Discipline

15. **Sir Nicholas Winterton** (Macclesfield) (Con): If she will make a statement on current standards of classroom discipline. [66219]

The Minister for Schools (Jacqui Smith): Most pupils behave well most of the time, and Ofsted reports that behaviour is at least satisfactory at more than 99 per cent. of primary and 93 per cent. of secondary schools. But any level of misbehaviour is too high, which is why we are implementing a wide-ranging programme to help schools raise standards of behaviour further, including high-quality training materials for staff, extra resources for schools facing the greatest challenges and, in the Education and Inspections Bill, legislation to confirm the power of staff to discipline pupils.

Sir Nicholas Winterton: I am grateful to the Minister for that full and encouraging reply, but does she watch the programme, "That'll Teach 'Em", which is currently showing on Channel 4? I believe, and certainly many of those who have spoken to me believe, that it provides all the evidence that anyone, even the so-called education experts, can ever want to prove that strict classroom discipline creates the very best, excellent learning environment to which pupils are fully responding. Will she continue to emphasise the importance of discipline, which is good for education and will lead to improved qualifications to enable people to do well in later life?

Jacqui Smith: Unfortunately, I have not had the opportunity to watch the programme to which the hon. Gentleman refers, but I completely agree with him. I think that firm classroom discipline is at the heart of children being able to achieve their potential and learn in our schools. That is why the Steer report—produced by a group that we brought together under the leadership of a very experienced and excellent head teacher—demonstrated that good teaching and learning and good discipline are fundamentally linked. The hon. Gentleman is absolutely right, and that is the direction in which all our moves on both behaviour and improving the quality of teaching are going.

SOLICITOR-GENERAL

The Solicitor-General was asked—

Rape

19. **John Robertson** (Glasgow, North-West) (Lab): What discussions he has had with the Director of Public Prosecutions on a review of sentences for those found guilty of rape. [66195]

The Solicitor-General (Mr. Mike O'Brien): May I first welcome you back to your place, Mr. Speaker? This is the first opportunity that I have had to do so since you returned after Easter.

I have discussed with the Director of Public Prosecutions a range of issues, including the prosecution of rape, but not specifically as yet the sentences for rape or a review of them.

John Robertson: Rape is one of the most heinous crimes; many young women cannot suffer the results of rape and, sadly, take their own lives. Does my hon. and learned Friend agree that cautioning is not an appropriate sentence in rape cases? Can he give an example of such cases where a caution has been given? Will he reassess the sentences applied at present—such as cautioning, which in many instances does not fit the crime—with a view to reviewing the minimum sentences given, so that those involved in such rape cases can feel that justice has been done?

The Solicitor-General: A caution is certainly not an appropriate disposal for most rape cases. The proper sentence is a substantial term of imprisonment. Indeed, the average term of imprisonment in rape cases is seven and a half years. The use of a caution is rare and very exceptional. I have asked for some examples of where it has been used and have been given the following examples. A man had been secretly tape-recorded claiming to have raped his sister some years earlier and his sister denied it; a 14-year-old with learning difficulties was alleged to have had sex with a boy and the victim did not want to go to court; a 12-year-old boy encouraged a younger boy to give him oral sex while playing a game of truth or dare with a wider group of boys present; and one offender was a 17-year-old with a mental age of nine. Those are indeed rare and very exceptional cases. A caution can appear on a criminal record in certain cases, and a person may be put on the sex offenders register. However, in most rape cases a prison sentence is the appropriate disposal.

Mr. Jonathan Djanogly (Huntingdon) (Con): On the issue of those found guilty of rape, how many foreign nationals released from our prisons who have not been deported were serving sentences for rape?

The Solicitor-General: My right hon. Friend the Home Secretary has already made a statement on those issues, as the hon. Gentleman is well aware, and the Home Office is looking at all those cases to ensure that the public are better protected.

20. **Julie Morgan** (Cardiff, North) (Lab): What discussions he has had with the Crown Prosecution Service on increasing the number of successful prosecutions for rape. [66196]

The Solicitor-General: Following work with the Crown Prosecution Service, I issued on 29 March a consultation paper entitled "Convicting Rapists and Protecting Victims", which sets out four proposals that aim to deliver more successful prosecutions by further strengthening the legal framework and improving our care for the victims of rape.

Julie Morgan: I thank my hon. and learned Friend for that response. Is he aware of the Amnesty International survey carried out last year? It showed that a third of people think that if a woman flirts, she has only herself to blame is she is raped, and that a quarter of people believe that the woman is partly to blame if she is wearing revealing clothes or if she is drunk. What is he going to do to change those attitudes—which will be reflected in juries, for example—and raise the dismally low conviction rate of 6 per cent. for reported rapes?

The Solicitor-General: I have indeed seen the Amnesty survey, and it makes disturbing reading. There is a Home Office campaign that seeks to challenge those attitudes. In particular, it highlights the potential penalties and people's absolute right to say no to sex. The proposals that I am currently consulting on will reduce the barriers to prosecution and improve the care of victims. They seek to strengthen the law on consent, enable expert evidence to be called, bring first reports of rape before a jury and allow the greater use of videoed evidence by victims. Securing convictions in rape cases is always difficult, but these proposals will assist the prosecution and, indeed, victims.

Mr. Nigel Dodds (Belfast, North) (DUP): I welcome steps to increase the number of successful prosecutions, but do we not need to ensure that sentencing properly reflects the gravity of the crime? The recent abduction and murder of Attracta Harron was a terrible case that has shocked the entire community in Northern Ireland. The *Belfast Telegraph* has launched a major campaign to ensure that serious sex offenders serve their full sentences in such cases. The perpetrator of that crime struck against Attracta Harron after being released early after a horrific rape. Will the Solicitor-General ensure that this matter is taken very seriously?

The Solicitor-General: I am aware of the case to which the hon. Gentleman refers, and it is indeed a very serious, difficult and regrettable one. It is a fact that the average sentence for rape convictions is seven and a half years' imprisonment. Many offenders receive substantially more than that for the most serious offences. It is important that we get the balance right in dealing with these cases and ensure that people who are a danger to the public are properly dealt with. I know that my right hon. Friend the Home Secretary is now ensuring that a proper risk assessment is carried out of persons who have committed offences so that we can assess the risk to the public over the long term and deal with it appropriately.

Bona Vacantia

21. **Mr. David Kidney** (Stafford) (Lab): How many payments were made to individuals out of money received by the Government by way of bona vacantia in the financial year 2004–05. [66197]

The Solicitor-General: There were 488 payments to individuals out of money received by way of bona vacantia in 2004–05.

Mr. Kidney: Does my hon. and learned Friend agree that when the provision affects the property of individuals or limited companies, it applies like a tax at a rate of 100 per cent.? If individuals are affected adversely by its application—no doubt like those involved with the 488 payments he mentions—they have to beg a faceless official to give them relief. They rely on the official's discretion to get that relief. Is not the obscurity and opacity of the whole system summed up

by the fact that the Latin name is still being used today? Would he like to be the Minister who modernises the system and makes it fair and predictable?

The Solicitor-General: Although the Treasury Solicitors administer bona vacantia, the policy in relation to it is a matter for the Department for Constitutional Affairs. The current arrangements for making discretionary payments are flexible and, by and large, seem to work relatively well. They were recently revised and updated, and are kept under constant review to make sure that they reflect changes in society and enable people to get what they are entitled to more easily. Of the 488 cases, 238 involved people claiming estates to which they were legally entitled, after the Treasury Solicitor had administered them. The decisions were not entirely discretionary. The rules are rather old, but by and large they work because they have been updated over time.

Extradition (United States)

22. **Andrew Mackinlay** (Thurrock) (Lab): How many extradition requests by the UK have been outstanding with the US authorities for in excess of (a) 10, (b) five and (c) two years; and if he will make a statement. [66198]

The Solicitor-General: I am told that there are currently no extradition requests from the UK before the American courts that have been outstanding for more than two years, but there are some requests for individuals who are on the run when it has not been possible to make an arrest, or for individuals who are serving in US prisons.

Andrew Mackinlay: That is good news, but will the Solicitor-General tell us whether there is parity of treatment between the United Kingdom and the United States? We still have a one-sided extradition treaty. Will he use this occasion to assure the House that Her Majesty's Government are saying to the United States authorities and Senate that there must be reciprocal arrangements? If our authorities and his office are to pursue the extraditions that they want, there must be appropriate and comparable reciprocity.

The Solicitor-General: On comparable arrangements, requests to the United States take an average of approximately five months to conclude and those to the UK take about seven months, so we take slightly longer. The standard for extradition in the United States under the Bill of Rights is one probable cause; that is part of the constitution, so we have to respect it. We think that our standard of requesting information is appropriate. The systems are slightly different, but very similar. There was an unfairness before 2003 in that the UK required a prima facie case, which was a much higher standard, but we have rebalanced the situation and it is much fairer than it ever was. We want the ratification of the 2003 extradition treaty. The Home Secretary has recently raised that with the US Attorney-General, and we hope that the US Senate will advise on and consent to it as soon as possible.

Simon Hughes (North Southwark and Bermondsey) (LD): The Solicitor-General knows of the discontent about the arrangements between the States and the United Kingdom on extradition. Will he and the Attorney-General examine the whole range of treaties between us and other countries to ensure that equality, parity and reciprocity in extradition is the norm? As we review the functioning of the House of Lords, will he give serious consideration to whether decisions about treaties that the UK should enter into should be ones for Parliament, rather than the Executive or the Prime Minister?

The Solicitor-General: As for reciprocity, it is always difficult to balance the different ways in which decisions are made under different legal systems. The systems all have differing histories and statutory backgrounds. We need to ensure, as far as possible, that there is a level of reciprocity that is fair to those for whom we make applications and for whom applications are made to us. We have a well-established practice for dealing with treaties, which, in our view, broadly works fairly and well.

Business of the House

11.32 am

Mrs. Theresa May (Maidenhead) (Con): May I ask the Leader of the House to give us the business for the coming weeks?

The Leader of the House of Commons (Mr. Geoffrey Hoon): The business for next week will be as follows:

TUESDAY 2 MAY—Consideration in Committee of the Finance (No. 2) Bill.

WEDNESDAY 3 MAY—Conclusion of consideration in Committee of the Finance (No. 2) Bill.

THURSDAY 4 MAY—A debate on the Government's strategy to improve the life chances of disabled people on a motion for the Adjournment of the House.

FRIDAY 5 MAY—The House will not be sitting.

The provisional business for the following week will be:

MONDAY 8 MAY—Consideration of Lords amendments to the Civil Aviation Bill, followed by a motion to approve European documents relating to future European Union finances, followed by, if necessary, consideration of Lords amendments.

The House may also be asked to consider any Lords messages that may be received.

TUESDAY 9 MAY—Opposition day [15th allotted day]. There will be a debate on an Opposition motion. Subject to be announced.

WEDNESDAY 10 MAY—Remaining stages of the Police and Justice Bill, followed by a motion to establish a Joint Committee on Conventions of the House of Lords.

THURSDAY 11 MAY—Remaining stages of the Housing Corporation (Delegation) etc. Bill.

FRIDAY 12 MAY—Private Members' Bills.

Mrs. May: I am grateful to the Leader of the House for giving us the business for the next two weeks.

The past few days have indeed proved that a week is a long time in politics. Yesterday, the usually calm and cautious members of the Royal College of Nursing barracked and heckled the Health Secretary, raising their opposition to job cuts among nurses. When we have raised job cuts among nurses and doctors in the Chamber, the Leader of the House has consistently refused our calls for a statement by the Health Secretary or a debate on the NHS. Nurses are deeply concerned about patient care, so will the Leader of the House now ensure that there will be a debate in Government time on the state of the health service?

One of the reasons for problems in the health service is the sheer incompetence of the Government. They miscalculated the cost of the new GP, nurses and consultants contracts by more than £600 million. They miscalculated the savings from legal aid, which will lead to 1,000 job losses in the courts service. Failure in the operation of working families tax credit and the new Child Support Agency system have meant that thousands of families have been left in financial difficulty. As we now know, failure by the Home Office to deport more than 1,000 foreign criminals meant that they were let out on to our streets, free to thieve, murder and rape again. May we have a full debate, in Government time, on ministerial incompetence?

May we also have a statement from the Home Secretary on rising violent crime? Not all hon. Members will know that figures published by the Home Office today, which it claims show that crime was stable in the last three months of last year, show that over that period, sex offences were up, robberies were up, drug offences were up, and violent crime was up. Are those yet more problems that the Home Secretary thinks he should have more time to put right?

May we also have a debate on the use made by the Government of reports produced by Select Committees? In recent months, we have seen warnings about the Rural Payments Agency ignored, warnings about problems in the tax credit system ignored, and warnings about the release of foreign criminals ignored. But that was not the only warning that the Home Office received about foreign criminals. It ignored Her Majesty's inspectorate of prisons, the National Audit Office and the Public Accounts Committee.

On Tuesday, the Home Secretary said on "Newsnight" that "very, very few" foreign criminals had been released after he knew about the problem. The truth was that it was 288, and the rate of release went up after he was supposed to be getting a grip on the problem. Clearly, he is not in charge of his Department and attempts by some to place the blame on civil servants merely demean the Government.

Time after time Ministers have been found wanting, and time after time they have failed to pay the price. May we have a debate on ministerial accountability, which will give this House the opportunity to say to this Government, "Enough is enough"?

Mr. Hoon: The right hon. Lady has some interesting definitions of what she means by job cuts. *[Interruption.]* I know that it has become fashionable for Conservative Members to identify particular areas of the country where restructuring and modernisation have taken place, and then to extrapolate a general picture from those isolated examples. It is for them to check carefully exactly what they mean by job cuts, not least in relation to nurses. *[Interruption.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Let us try to have an element of moderation. A chorus of sedentary comments is not helpful.

Mr. Hoon: The simple facts are that 85,000 more nurses are now working in the United Kingdom than there were in 1997; we now have 404,161 nurses at work; and we have 307,000 more staff in the national health service than we had in 1997, including 215,000 more front-line staff. On whatever definition anyone uses, those are not job cuts. They may be things that Conservative Members want to use in debate, but the plain fact of the matter is that more and more people are working in our national health service, and they are delivering more and more treatment, more and more operations, ever-better standards of health care and ever-lower waiting lists. Those are the facts.

[Mr. Hoon]

Perhaps the right hon. Lady has not had time to read the pages of *The Times* this morning, but she will see in it a letter in which it is said:

"The NHS will need to respond to the tide of rising expectations and need by improving efficiency and responsiveness. With the dedication and commitment of staff we believe that the NHS can continue its transformation and be a model for other countries."

That letter is signed by, among others, Beverly Malone, the general secretary of the Royal College of Nursing, and the chairman of the British Medical Association, together with representatives of unions and charities that work in the NHS. We are doing exactly what is set out by those people with real experience of a national health service.

On tax credits, nine out of 10 low-income families with children are claiming tax credits. Tax credits are transforming the life chances of the poorest people in our society, which the Conservative Government did not care about and did not concern themselves with. We saw an appalling level of family poverty and child poverty during that period. We have lifted 700,000 children out of poverty—a policy that the Conservative party has consistently opposed.

On foreign prisoners and deportation, my right hon. Friend the Home Secretary set out the position in a written statement to the House, he made an oral statement in the House, and he made it clear yesterday that he would return to the House as necessary to ensure that that regrettable state of affairs is addressed—a state of affairs that the Government have addressed, and which had not previously been addressed by any other Government. That is a matter to which the right hon. Lady might give some consideration. No previous Home Secretary was in a position to provide the information because no previous Home Secretary had the records and information available to him. Again, the Conservatives ought to reflect on that before making such criticisms.

On crime, overall we have seen a significant reduction in key crime statistics over the longer term. The statistics from the British crime survey showed that in the 12 months to September 2005 overall crime was falling, the level of violent crime was relatively stable, all personal crime rates were relatively stable, but domestic burglary was down by 13 per cent. and vehicle thefts were down by 14 per cent. That is an improvement. It is not sufficient; we want still greater progress.

Again, that improvement is hardly helped by the Conservative party's consistent policy of opposing the very policies that we have proposed to make that happen, opposing greater numbers of police officers on the streets—[HON. MEMBERS: "Rubbish."]—opposing greater support for those police officers. Opposition Members cry rubbish but the truth is that they have consistently opposed providing the resources to allow those changes to occur. They cannot consistently complain in the House when they have opposed the very resources that allowed those policies to be implemented.

Mr. David Heath (Somerton and Frome) (LD): The Conservative Government had their black Wednesday. Yesterday we had the triple whammy Wednesday for the present Government, and the Leader of the House has just displayed the complacency for which he is well known.

We need a debate on the health service. Last week the right hon. Gentleman said that there was a national debate that would go on for weeks and weeks. We saw that national debate exhibited at the conference of the Royal College of Nursing. It is insulting to those nurses to say that they do not understand what job cuts in the nursing service are, when it is they who are losing their jobs and they who work in the wards that are being closed. We need a debate on the health service.

On the Home Office, can the Leader of the House explain some simple procedure to me? In his oral statement yesterday, the Home Secretary said:

"I can confirm that consideration of the most serious cases has, of course, commenced and I will report further on progress by the end of this week."—[*Official Report*, 26 April 2006; Vol. 445, c. 573.]

We are not sitting tomorrow. There has been no written statement today. I have had no indication of an oral statement later today. How will the Home Secretary report on the murderers, arsonists, rapists and drug dealers whom he has let out, while lecturing the rest of the country about law and order? When will we have that information?

Lastly, may we have a debate on ministerial responsibility, perhaps with reference to Sir Thomas Dugdale and the Crichel Down affair? Some of us do not believe that ministerial responsibility consists of lamely promising to put things right after the event, but rather taking responsibility for things that go wrong and accepting the consequences of failure.

Mr. Hoon: I am sorry that the hon. Gentleman chose to describe my observations as "complacent". I realise that the Liberal Democrats do not like facts, and I have consistently set out the facts to the House on the health service and tackling crime. The Government have consistently not only set out clear policies, but made the resources available, but the Liberal Democrats cannot say with any conviction or confidence that they would have taken the same course. I am happy that there should be debates on the health service and am delighted that there should be debates on tackling crime, and hon. Members will have the opportunity to discuss those matters in due course. This Government are not afraid of debating and discussing the significant improvements that we have made in British society since 1997.

As far as ministerial responsibility and the Crichel Down case are concerned, the hon. Gentleman should listen to the hon. Member for Cambridge (David Howarth), who is sitting behind him and who used to lecture on constitutional law at Cambridge university, because he will find that the situation on the Crichel Down case and ministerial responsibility is not quite how he represented it. I do not believe that there is any necessity for those matters to be debated on the Floor of this House. My right hon. Friend the Home Secretary made it clear that he will keep the House informed of the facts as and when they are clearly established. Again, it is important that we all get our facts right, which is something that has escaped the Liberal Democrats in the past 24 hours.

Kali Mountford (Colne Valley) (Lab): Will this House have an opportunity to look at the review of sentencing for domestic violence offenders? Many victims of domestic violence will have heard expressions of remorse 34 times before the offender is finally brought to some form of justice. Although it is important to make sure that offenders learn how to manage conflict without resorting to violence, is it not also important that the victims of domestic violence are sure that they will be taken seriously when they report such crimes and that their families will be safe from any further violence in the future?

Mr. Hoon: My hon. Friend has raised an important issue. The Government are committed to tackling domestic violence in all its forms, and we have passed legislation to that end. One reason why legislation has been introduced is to ensure an improvement in reporting rates. The Sentencing Guidelines Council is an independent body and it is important for hon. Members—including, I hope, my hon. Friend—who take an interest in that matter to assist in its work by contributing to the consultation on guidelines for sentencing in relation to domestic violence offences. The deadline for contributions is 12 June, and I urge my hon. Friend and other hon. Members to contribute to the debate.

Mr. Andrew Mackay (Bracknell) (Con): During the Home Secretary's all-too-brief statement yesterday, he promised to keep the House informed, by the end of this week, about developments on where those foreign murderers, rapists and paedophiles have gone. Since then, it has come to light that there are far more foreign prisoners in our jails than was previously realised. Will the Leader of the House guarantee that the Home Secretary, or probably his successor, will come to the Dispatch Box on Tuesday, when the House returns, and make a further statement?

Mr. Hoon: As I have said, as and when the facts are clearly established, my right hon. Friend the Home Secretary will report to the House.

Mr. Mackay: The Home Secretary said that he would do so by the end of this week.

Mr. Hoon: The right hon. Gentleman is asking whether that means by the end of this week.

Mr. Mackay: That is when the Home Secretary said that he would report to the House.

Mr. Hoon: That is what my right hon. Friend said, and it is important that he should see it through. I am sure that Opposition Members who have a genuine interest in the facts of the case recognise that it is important that a Minister who comes to the Dispatch Box should have all the facts in order to inform the House. That is my right hon. Friend's position, which is right and which he has made clear to this House.

Keith Vaz (Leicester, East) (Lab): As the Leader of the House will know, the Home Secretary has announced that there will be a cap on compensation for miscarriages of justice. He will also know that I have introduced a Bill to amend section 133(4) of the Criminal Justice Act 1988 to give persons who have suffered a miscarriage of justice the opportunity to appeal against the decision of the assessor. Does he agree that as we are to have a cap, it is important that there should be that right of appeal once an assessment is made? May we have a debate on that important matter?

Mr. Hoon: My hon. Friend raises an important issue. Let me emphasise that a process of judicial review is already available to those who are dissatisfied with the level of compensation. I anticipate that that is an appropriate way of dealing with any challenge to the level of compensation, and I would urge him to consider it as an appropriate way forward.

Martin Salter (Reading, West) (Lab): Will the Leader of the House find time to debate attempts by Liberal Democrat councillors in Wokingham to exclude children from Reading from schools in their district, despite the fact that Bulmershe, Maiden Erlegh and Ryeish Green schools have catchment areas that are well across the borough boundaries? Does he agree that Lib Dem councillors who are saying, "Wokingham schools for Wokingham children", are in clear breach of the Greenwich judgment, which has served us well for many years?

Mr. Hoon: I am certainly familiar with the Greenwich judgment, and it is important that it is followed by councillors all over the country. I cannot guarantee my hon. Friend a debate sooner than a week today, which I anticipate was in his mind. Nevertheless, it is important that all councils should respect the important decisions of the law in this regard.

John Bercow (Buckingham) (Con): May we please have a debate on the Floor of the House, in Government time, on the egregious abuse of human rights in Burma? In a week when Charm Tong, a courageous 24-year-old who is the founder of the Shan women's action network, is in the United Kingdom to highlight the use of rape as a weapon of war in her country, is it not time that we had the first ever statement or debate on the Floor of the House about the action that the Government will take in international forums to force the Government of Burma to stop killing, maiming and torturing its citizens and to start respecting and honouring them?

Mr. Hoon: We had Foreign Office questions only this week, and I am sure that had the hon. Gentleman been able to raise that issue he would have done so with equal clarity. I cannot promise him an early debate, but I can say that my right hon. Friend the Foreign Secretary keeps the very disturbing situation in Burma under constant review. It is an important subject for the Foreign Office, and the British Government use their influence to try to improve what is, as I say, a very disturbing situation.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May I put it to the Leader of the House that we really should have a debate on ministerial responsibility? He will know that in the past six weeks there have been dramatic examples of culpable

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ministerial negligence. There is the failure of the Rural Payments Agency, for which Lord Bach and the Secretary of State for Environment, Food and Rural Affairs are personally responsible; and then there are the mistakes and errors of the Home Secretary. All three say that they take responsibility, but there is no accountability unless there is resignation. This House demands the resignation of those three Ministers.

Mr. Hoon: I am puzzled by the right hon. and learned Gentleman's view of proper process. He appears to assume that Ministers are guilty before charge, never mind after charge having followed a process. In the light of his comments, I cannot quite see the purpose of a debate.

Kate Hoey (Vauxhall) (Lab): Will the Leader of the House arrange for an urgent debate on the Floor of the House on the future of the Post Office card? He will be aware of early-day motion 1531, which has 314 signatures from Members across Parliament.

[That this House is gravely concerned by the Department of Work and Pensions' (DWP) decision to withdraw support for the Post Office Card Account when the existing contract expires in 2010 and in particular by the Department's attempt to kill off the Account in advance of 2010, through pilot schemes being introduced immediately when it will deny to new benefit claimants the option of opening a Post Office Card Account, inform 35,000 existing customers that they will have to use a bank or building society instead of the Post Office Card Account and require them to provide their account details, and pay benefits of 2,500 existing customers into a bank account rather than the Post Office Card Account, ignoring the preferences they made when their benefit books were stopped; condemns the fact in that, breach of all plans, these pilot schemes are being introduced without consultation; and calls on the Government to halt these pilot schemes immediately and to institute an immediate review of the DWP's proposal to abolish the Post Office Card Account by 2010.]

This is an important issue at the grass roots of this country, and people are very concerned. Will he speak to the Department of Trade and Industry and the Department for Work and Pensions, which are dealing with it? There is no joined-up thinking, and it is important that we should have a debate here as soon as possible.

Mr. Hoon: My hon. Friend is not the first Member to raise that issue at business questions. Let me repeat what I have said before—it has always been the Government's ambition to ensure that the Post Office card continues for as long as necessary to allow those who use it, and do so successfully, to be able to transfer from that scheme to an arrangement whereby they can continue to receive benefits through the Post Office service. That means that the post office network is in no way threatened by the change, but ensures that people get a better standard of service, as well as returns on their savings such as interest that can be paid through other accounts. The Government entirely share my hon. Friend's concern about the future of the post office network, which is important to us and to its many users around the country. However, I urge her to look carefully at the way in which we propose to deal with the card and the alternatives available for people thereafter.

David Howarth (Cambridge) (LD): Perhaps I should first put on the record that I never lectured in constitutional law, but I did lecture in employment law, which might be more relevant to the fate of the Ministers concerned. *[Laughter.]*

May we have a debate on nuclear waste? The Committee on Radioactive Waste Management is reporting today, but its remit covered only waste from existing nuclear power stations, not waste from future-build nuclear power stations, which according to the Environmental Audit Committee will produce 400 per cent. more high-level waste than previous nuclear power stations. The Committee is anxious that its report is not misrepresented as solving the nuclear waste problem for the future. I am sure that a debate would help to clarify that.

Mr. Hoon: I apologise to the hon. Gentleman for—

John Bercow: Misrepresenting him.

Mr. Hoon: I was going to say extending the range of his competencies. As an employment lawyer, he will clearly be familiar with such matters, so I will avoid misdescribing his abilities in future.

On waste disposal and nuclear power, the hon. Gentleman will be well aware that the Government have undertaken an extensive review of this country's energy requirements and the ways in which we might fulfil them. That consultation period concluded on 14 April. The Government are considering those representations carefully, and will of course inform the House of their conclusions in due course.

Mr. David Winnick (Walsall, North) (Lab): Is my right hon. Friend aware that there is a good deal of concern, certainly on Labour Benches, about the Government reverting to the pre-1997 practice whereby Parliament is virtually shut down for nearly three months? While it is true that constituency and casework is undertaken, at least by most of us, we are not allowed to do our main job. Does any Parliament in a democracy shut down for such a long period; and what justification can there be for reverting to the old practices?

Mr. Hoon: This Parliament probably sits for more weeks in the year than almost any other that I am familiar with. That is the short answer to my hon. Friend's question. For those who want to spend still more time here, I recognise, as I have told the House before, that it is important to consider ways of improving the arrangements during the summer recess, not least to try to bring Members back to the House as early as possible. One of the practical problems has been the timing and organisation of party conferences. I have discussed with each of the main political parties the possibility of bringing those forward to allow the House to sit promptly thereafter, and I hope that they will consider that carefully.

Mike Penning (Hemel Hempstead) (Con): Is the Leader of the House aware that, sadly, Hertfordshire fire and rescue services are about to hold a strike? There is a dispute between the excellent firefighters in Hertfordshire and their employers. The chief fire officer naturally asked the Office of the Deputy Prime Minister that military cover be supplied should the strike go ahead. A Minister told me yesterday that it had been refused. No request went to the Ministry of Defence for military cover—81 military people were required. It would be the first time in this country that no military cover was provided in the event of a firefighters' strike. That would put my constituents' lives at risk. Will a Minister come to the House to explain why the Office of the Deputy Prime Minister did not request the firefighters that we need?

Mr. Hoon: The hon. Gentleman speaks from considerable knowledge and experience. Without going into detail about the specific dispute, I hope that he will use his good offices to find ways to avoid the strike. No benefit can follow to any part of our society from it, and I hope that he will join me in urging those who call for such a strike to call it off.

Anne Moffat (East Lothian) (Lab): Will my right hon. Friend mark and celebrate with a debate nurses day, which is on 12 May this year? I do not believe that all nurses would want to associate themselves with the behaviour of the Royal College of Nursing at its conference yesterday. When a woman stands in front of a bulk of women and is harangued in such a way, it does a disservice to nurses and women. I wish that the RCN had been as passionate in supporting low paid manual workers when the Conservative party decimated their jobs.

Mr. Hoon: My hon. Friend speaks with a great deal of knowledge and experience of the nursing profession and I shall not try to match her expertise. As I have already said, the Government take seriously the tremendous contribution that nurses make. We have supported them by massively increasing the number of nurses in the national health service and substantially increasing their real income. A newly qualified nurse will now earn £19,166—a 25.6 per cent. real terms increase since 1997. We have backed our commitment to the NHS and nursing both in the rewards to individual nurses and in the number of nurses who currently practise.

Mr. Edward Garnier (Harborough) (Con): Will the Leader of the House arrange for the Home Secretary to come to the House at an early opportunity to explain the policy behind the Identity Cards Act 2006? Last weekend, the Under-Secretary of State for the Home Department, the hon. Member for Leigh (Andy Burnham), said that identity cards would carry health information about individuals. Last October, the Home Secretary expressly said that they would not. Indeed, throughout our discussions on the measure, from after the general election to Royal Assent, the Government's case was that health information would not be carried on identity cards or on the national identity register. It appears that the Home Office is having a little local difficulty, and the Home Secretary needs to come here and sort himself out.

Mr. Hoon: My right hon. Friend the Home Secretary has spent a great deal of time at the Dispatch Box in the most recent Session. When we consider the Bills that the Government plan to introduce, the Home Office is prominent in its contribution to legislation. We debated the important identity cards measure at great length on the Floor of the House and in Committee. I anticipate that the hon. and learned Gentleman will have an opportunity to raise further issues with my right hon. Friend at the next Home Office Question Time.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Will my right hon. Friend arrange an early debate on the assistance available to people who are made redundant? I previously raised with him the 700 workers at Outokumpu steel works in my constituency who were made redundant. As a result of his good offices and those of the Secretary of State for Trade and Industry, a rapid response programme was set up. However, contrary to the advice that officials are giving Ministers in the Department for Work and Pensions, the information that I receive from constituents and Gary Gordon, the Transport and General Workers union representative at Outokumpu, is that many people in genuine need are being refused assistance for retraining and, when assistance has been offered, the response is often far from rapid. Those matters are important and I hope that my right hon. Friend will arrange for early consideration of them.

Mr. Hoon: My hon. Friend has assiduously raised the interests of that specific group of workers and I recognise the concern that he properly expresses. I am disappointed to learn that the rapid response programme, which has generally been a successful Government initiative to assist those who face unemployment or redundancy, has not appeared to work as well as it should have done in the case that he raises. I shall ensure that the Department of Trade and Industry is made aware of that.

Mr. Nigel Dodds (Belfast, North) (DUP): May we have a debate soon, in Government time, on the state of the economy in Northern Ireland? Yesterday, the Prudential insurance company announced the closure of its Belfast call centre office as well as offices in Bristol and London, with a loss of 500 jobs, many of them to India. In 2002, Prudential signed an agreement with the union that stipulated that no compulsory redundancies would be made at the firm as a result of offshoring. That deal ran out in February and there are concerns that the company deliberately waited until now so that it would not be held to it. It is a serious matter for the many workers involved and I hope that the Leader of the House can draw it to the attention of the Secretary of State for Northern Ireland.

Mr. Hoon: The hon. Gentleman is right to raise those important issues. No one underestimates the anxiety and the effect of such difficult decisions on those who are at risk of losing their jobs. I emphasise the point that I made to my hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts) that the Government have put in place a series of measures to assist those who are at risk of losing employment, not least because of the global effects of the modern economy. People have the prospect of better training, education and financial

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support than in the recent past. However, the most important alternative is other employment. Again, by and large, with the 2 million extra jobs created since 1997, most people who unfortunately lost work have found alternative employment quickly through the training and support packages that the Government make available.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): My right hon. Friend knows that when people lose their jobs in the private sector, and especially in manufacturing, it is hardly mentioned in the press and the Opposition do not raise an eyebrow. However, when a fraction of the jobs lost in manufacturing is lost in the public sector, it becomes a national crisis and Opposition Members get out of their prams. What opportunities exist for a collective whinge for those in the private sector who lose their jobs daily?

Mr. Hoon: My hon. Friend has made his point. I am still reeling from the idea of Opposition Members in their prams. It is important to give the necessary support to provide opportunities for retraining and education to secure the jobs that will be increasingly available in the 21st century. That is not to downplay the impact of redundancies and job losses on individuals and their families. However, it is important that we continue to modernise industry and our public services to ensure that they are fit for the 21st century.

Mr. Andrew Turner (Isle of Wight) (Con): May we have an opportunity to amend the law on hosepipe bans so that those who are forbidden to use a hosepipe to water a small garden are not disadvantaged compared with those who want to use one to fill a large swimming pool, which is perfectly legal, and so that those who want to use a hosepipe to clean a small car are not disadvantaged when compared with those who wish to use one to clean a large commercial vehicle, which is also perfectly legal?

Mr. Hoon: My constituents have not so far experienced the difficulty of filling their swimming pools, so that has not been raised with me. I acknowledge that it may be a problem for a small minority. However, there should be fairness and consistency in the operation of rules—that was the substance of the hon. Gentleman's point—and I assure him that I will get the relevant Minister to write to him along those lines.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My right hon. Friend will doubtless know that the Competition Commission has today confirmed that the home credit industry—the doorstep lenders—has been overcharging its customers by tens of millions of pounds, as many of us have said for some time. Will he join me in calling on doorstep lenders not to contest those findings and waste time on months of argument but to cut their charges now? If they do not, will he ask his colleagues in the Department of Trade and Industry to use their powers under the Consumer Credit Act 1974 to introduce the necessary legislation to make them cut their charges now rather than years in the future?

Mr. Hoon: I have not seen the report that my hon. Friend mentions, but we all recognise the risks of making decisions on the doorstep about loans and borrowing. My hon. Friend makes a valuable point, and I assure him that it will be passed to the relevant Minister.

Mr. Mike Weir (Angus) (SNP): The Leader of the House will know that it has been reported this morning that the Committee on Radioactive Waste Management is to recommend the deep storage of nuclear waste in as yet unspecified sites. CoRWM also said that it could take many decades to prepare the sites. This news will cause great anxiety in the communities in Scotland that featured on the last Nirex list. They opposed plans for waste dumps in the past and will continue to do so. Does this not underline the need for an urgent debate on the disposal of nuclear waste, and on the implications of the Government's inexplicable obsession with new nuclear power stations?

Mr. Hoon: I am sure that the hon. Gentleman was not trying to alarm any of those communities by referring to them in the way that he just did. I urge him not to take such a course of action. It is important that we have a thorough review of energy requirements, as I said in answer to an earlier question. That necessarily involves consideration of the disposal and storage of nuclear waste, and that will be part of the Government's consideration of the country's future energy requirements.

David Taylor (North-West Leicestershire) (Lab/Co-op): Our Government have a really good record on animal welfare, as illustrated by the legislation that we passed during our nine years in government. However, the one area that remains unaddressed is that of animals in the laboratory. Animal tests are the weakest link in the safety testing of new drugs; they are so poorly predictive for humans that 92 per cent. of candidate drugs fail in clinical trials, their having had success with animals. Does the Leader of the House have any idea whether the Government will respond to early-day motion 92, which has been signed by hundreds of people across the Chamber? It states:

[That this House, in common with Europeans for Medical Progress, expresses its concerns regarding the safeguarding of public health through data obtained from laboratory animals, particularly in light of large numbers of serious and fatal adverse drug reactions that were not predicted by animal studies; is concerned that the Government has not commissioned or evaluated any formal research on the efficacy of animal experiments, and has no plans to do so; and, in common with 83 per cent. of general practitioners in a recent survey, calls upon the Government to facilitate an independent and transparent scientific evaluation of the use of animals as surrogate humans in drug safety testing and medical research.]

If no such evaluation is to be forthcoming, may we have a debate on this most important subject?

Mr. Hoon: My hon. Friend is right to say that this is an important issue, and I am grateful for his observations about the Government's record on animal welfare. We are proud of the steps that we have taken to continue to protect animals. Equally, it is important that

this country is able to go on engaging in scientific research, while ensuring that that research is effective and efficient. My hon. Friend is right to say that we must balance the need for effective scientific research against the protection and welfare of animals, and I assure him that we keep that balance under constant review.

Dr. Julian Lewis (New Forest, East) (Con): The Leader of the House will recall the cutting of the frigate and destroyer fleet from 35 in 1997 to only 25 now, and the cutting of the replacement Type 45 programme from 12 vessels to only eight. Bearing in mind the report in *The Herald* today that there will be only six ships, rather than eight, despite the statement by the First Sea Lord that it was absolutely essential to have eight, may we have an urgent statement by a defence Minister on whether this cut is going to take place? If that statement is to be made, should it not be made before, rather than just after, the local government elections?

Mr. Hoon: Unfortunately, in my many years as Secretary of State for Defence—during which the hon. Gentleman was assiduous in asking me questions—I never managed to persuade him that the number of ships is not the critical factor. I know that he is fascinated by naval history, and he will know that the Royal Navy had thousands of ships in the late 19th century. That number was subsequently reduced to hundreds, and it is now much smaller. To that extent, there have been cuts. All I can say to him is that the ships that we have now are enormously more capable, and that the judgment on numbers is made in relation to the capabilities that the United Kingdom Royal Navy requires. That is a consistent process. It has not simply taken place since 1997; it has been going on for 400 or 500 years.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Will my right hon. Friend bring a report to the House on my constituent, Michael Shields, who is serving a 15-year jail sentence in Bulgaria for a crime to which another man has confessed? Michael Shields' final appeal was heard in the Cassation Court in Bulgaria on 21 March. Michael Shields, his lawyers and the Foreign Office were informed that the court's verdict would be received within 30 days. The 30 days elapsed on 20 April, yet a week later there is still no news about when the verdict will be made available. This intolerable situation is creating even greater strain for all those involved. Will my right hon. Friend make representations on this matter?

Mr. Hoon: Like many other right hon. and hon. Members, I have followed this case with some concern over a long time. My hon. Friend is absolutely right to raise the case of her constituent. The Government are concerned about the matter, and I know that it has been followed closely by my right hon. Friend the Foreign Secretary. I will ensure that he responds to my hon. Friend in the light of her detailed question.

Mr. Owen Paterson (North Shropshire) (Con): May I give the Leader of the House some very simple NHS statistics? Two early-stage breast cancer sufferers are receiving Herceptin at the Royal Shrewsbury hospital cost-free from their primary care trust. Those who have Shropshire addresses could receive such care at that hospital if the Shropshire PCT would fund it, but, because it will not, they are having to raise £47,000 each for the treatment, and there are 12 of them. It cannot be right that people with a Staffordshire address, a Cheshire address or a Welsh address get the drug free from their PCT, while people with a Shropshire address have to find £47,000 for it. My final statistic is that I have written three times to the Secretary of State: on 25 March, 5 April and 19 April. She has not answered once. Will she please come to the House and answer my questions?

Mr. Hoon: The hon. Gentleman has raised this issue before—

Mr. Paterson: And I will again.

Mr. Hoon: The hon. Gentleman heckles me to say that he will again, but I hope that he will not have to, because the Government's position is clear on this issue. We do not believe that there should be a difference in treatment according to where people live. My right hon. Friend the Secretary of State for Health has made that absolutely clear in relation to Herceptin and a number of other drugs. These decisions should be taken on an individual basis in the light of the clinician's judgment. I will certainly ensure that my right hon. Friend responds to the hon. Gentleman again.

Several hon. Members *rose*—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. We must move on, as I have to protect time-limited Northern Ireland business, and there is now a statement.

Fatal Shootings (Iraq)

12.17 pm

The Solicitor-General (Mr. Mike O'Brien): With the leave of the House, I wish repeat a statement made in another place by my right hon. and learned Friend the Attorney-General. I wish to inform the House of decisions taken by the Crown Prosecution Service and the Army Prosecuting Authority in a case that has attracted a great deal of media attention. The case concerns an incident in Iraq on 24 March 2003 that resulted in the fatal shootings of Sergeant Steven Roberts, formerly of the 2nd Royal Tank Regiment, and Mr Zaher Zabti Zaher, an Iraqi.

The Crown Prosecution Service has now informed me that, after a full investigation of the case and a careful review of the evidence, there is insufficient evidence to institute criminal proceedings in this case. The Army Prosecuting Authority has also had the opportunity to examine the evidence in this case, including that obtained by the Metropolitan police, and has decided that there is insufficient evidence to charge any of the servicemen with military offences.

The CPS has produced a review note explaining its decision, which has been placed in the Libraries of both Houses. As appears from that note, on the evidence available when the Attorney-General asked the CPS to consider the case, it might have been perceived that British soldiers had shot an unarmed Iraqi civilian, Mr. Zaher, a number of times, even after he had been severely injured and was in no position to pose a threat to anyone. In the course of firing at Mr. Zaher, two bullets had struck Sergeant Roberts, who was killed.

At the request of the CPS, the Metropolitan police carried out further inquiries, which resulted in the interview of five US soldiers who had witnessed part of the incident, a detailed statement from an Iraqi witness, and an autopsy on the body of the deceased Iraqi citizen. As its review note states, the CPS believes that it now has the fullest account of what occurred, although the passage of time has undoubtedly adversely affected the quality of some of that evidence. As it also explained, there are some differences in the accounts given.

I will now set out the essence of the account on which the CPS, having considered the totality of the evidence, has proceeded. I quote:

"On Sunday 24 March 2003 a troop of three Challenger battle tanks, part of the 2nd Royal Tank Regiment, were involved in a road block on the outskirts of Az Zubayr, Iraq, to stop and search vehicles for weapons.

Shortly after 6.00 am, Mr Zaher approached the tanks throwing rocks, firstly at the tanks and then at Sergeant Roberts who was standing alone outside his tank. Sergeant Roberts put out his hand, apparently as a signal for Mr Zaher to stop, but he did not do so. Sergeant Roberts drew his pistol and aimed it at Mr Zaher but although it appears that he fired one shot, the pistol malfunctioned and Mr Zaher continued to approach him, throwing more rocks. Sergeant Roberts apparently tried to clear the jam as Mr Zaher advanced.

A soldier in one of the tanks opened fire, apparently as warning shots, but Mr Zaher did not stop. Soldiers from two of the tanks then fired a number of shots at Mr Zaher. One of those weapons was set to fire at targets a considerable distance away and was not accurate at close range. Although Mr Zaher was hit and severely injured in the arm, two of the bullets struck Sergeant Roberts in the torso and he fell to the floor, fatally wounded. As soldiers dismounted from the tanks to give assistance to Sergeant Roberts, Mr Zaher got up holding a rock and started towards him again. One soldier, who had gone to assist Sergeant Roberts, said he feared that Mr Zaher was about to attack again so he fired his pistol several times and Mr Zaher again fell to the floor. According to some of the soldiers, despite his injuries, Mr Zaher again got up to advance on Sergeant Roberts, and holding a rock. The soldier who was attending to Sergeant Roberts, perceived that Mr Zaher still posed a threat and directed another soldier to shoot Mr Zaher. On this occasion he did not get up. British medical staff attended and Sergeant Roberts and Mr Zaher were declared dead at the scene."

I now want to turn to the circumstances of the investigation of this case. Shortly after the incident, the special investigations branch of the Royal Military Police—the SIB—undertook an early sudden death criminal investigation and produced a short report. It said that the SIB was unable to examine the scene or gather forensic evidence, although photos of the location were taken five days later. The incident was also investigated by the Army accident prevention and investigation team to determine whether any immediate steps could be taken to improve systems and procedures. On 4 July 2003, the commanding officer of the soldiers involved in the incident decided that no further investigation of the incident was necessary. That decision followed advice from an Army Legal Services officer who had read the first SIB report.

However, subsequently, on 18 July 2003, the head of the SIB concluded that the case had not been fully investigated. He was concerned about gaps in the evidence and, after discussion with the Army Prosecuting Authority, decided to reopen the investigation and seek a second legal opinion on the case. Attempts by the head of the SIB to reopen the investigation were resisted by the 1 (UK) Armoured Division chain of command on the basis of the original legal advice. One issue that loomed large was whether the prosecution would have to establish conclusively at the onset of the trial that Mr. Zaher was not a combatant. It was also said that, were a case to proceed, soldiers could rely on the defence that they were acting in self-defence under the rules of engagement.

In fact, as article 50 of protocol 1 to the Geneva convention 1977 makes clear, if there is doubt about whether a person is a civilian, that person should be considered to be a civilian. On 7 August 2003, a more senior officer of the Army Legal Services unequivocally advised the chain of command that the investigation should be reopened. A further investigation was required because: the British soldiers who had fired shots during the incident had not been interviewed under caution; witness statements had not been taken from the American soldiers or the Iraqi witness; a further ballistics investigation was required to ascertain which soldiers had fired shots; and there had been no post-mortem of Mr. Zaher's body.

The chain of command continued to receive conflicting advice from the Army Legal Services, but on 11 September 2003 the chain of command agreed with the head of the SIB that there should be a further criminal investigation, on the understanding that the British soldiers involved in the incident would not be interviewed under caution at that stage. In February 2004, the chain of command received additional advice from the senior Army Legal Services lawyer on whether Mr. Zaher was to be regarded as a civilian or a combatant. Also, in February 2004, the chain of

command agreed that the SIB should continue its investigation in the most appropriate way according to its professional judgement. Soldiers who had been at the incident were then interviewed under caution by the SIB.

On 3 August 2004, the head of the Army Prosecuting Authority wrote to the Attorney-General, as the superintending Minister of both the APA and the CPS, advising that this case should be dealt with in the civil jurisdiction. The military and UK civilian courts have concurrent jurisdiction over a whole range of serious offences allegedly committed by UK nationals overseas. He was concerned about the considerable time that had elapsed between the incident and the chain of command permitting a full investigation by the SIB.

The Attorney-General agreed with the head of the APA, after consulting the Director of Public Prosecutions, that the case should be transferred to the civilian jurisdiction. The Attorney-General was concerned that the intervention by the chain of command, and the delays in the case, could have led to the defence lawyers raising abuse of process arguments had the soldiers been charged with criminal offences. An acquittal by a military court, following a successful abuse of process argument by the defence, might have been perceived by some as a final act of the military to cover up any possible wrongdoing by the British soldiers involved in the incident. Such perceptions would not have been in the interest of the soldiers and might have damaged the reputation of the military justice system.

Once the case had been transferred to the civilian jurisdiction in October 2004, the CPS concluded that further investigations were essential and the Metropolitan police took over the investigation. The Metropolitan police had to carry out its investigation in the difficult circumstances that prevailed in Iraq. During that time, the body of Mr. Zaher was exhumed and an autopsy was undertaken. The American soldiers were interviewed, a further ballistics report was obtained, and efforts began in earnest to discover whether the local population could help the police with their inquiries. After the Metropolitan police had completed its investigation in February 2006, all the available evidence was reviewed by the CPS, following advice from Treasury counsel in March 2006.

The CPS, having been satisfied that the Metropolitan police had completed all inquiries that could be undertaken, concluded that there was insufficient evidence to convict any of the British soldiers of the deaths of Mr. Zaher and Sergeant Roberts. The reason for that was that the evidence of those soldiers involved in the shooting was that Mr. Zaher was attacking Sergeant Roberts and that they acted to defend him. The conclusion of investigations shows that, while there were inconsistencies in accounts provided by them, British soldiers at the scene who witnessed the incident broadly support that version. The statements provided by the American witnesses and the forensic evidence did not in substance undermine the accounts of the British servicemen. Mr. Miz El Subaiyih, the single Iraqi witness, gave a different account of the incident, making no reference to Sergeant Roberts being shot and referred only to the shooting of Mr. Zaher.

The Attorney-General is wholly satisfied that the decision to transfer this exceptional case to the civilian system was the right action to take in the particular circumstances of the case. He also believes that it would have been better if there had been an earlier full investigation, as the head of the SIB and the senior advisory lawyer unequivocally recommended. Only after a full investigation had been completed were the prosecutors in a position to make informed decisions. However, I wish to make it abundantly clear that there is no suggestion that the chain of command acted unlawfully.

The difficulties associated with the initial stages of this case should not detract from the fact that the case has now been fully investigated. The full investigation has established that there is no realistic prospect of conviction. I very much regret the stress that any delay must have caused Mrs. Roberts, Mr. Zaher's relatives and the soldiers and their families. This case has taken a significant period to conclude but further measures have been put in place to ensure that service cases are better handled in future. I am assured by my ministerial colleagues that the Ministry of Defence has provided additional resources for investigations in Iraq, including more trained investigators to deal with the most serious cases, and additional clerical support and equipment.

In addition, Her Majesty's inspectorate of constabulary will soon begin a thematic inspection of the SIB, and will report later this year. The Attorney-General has encouraged the service prosecuting authorities to work closely with service investigators to improve the quality of investigations and to reduce delay. The Attorney-General has also discussed these issues with the Judge Advocate-General, who has introduced new directions hearings and which are reducing delay.

I am pleased to inform the House that the military police and the APA prosecutors are now, as a matter of standard practice, working closely together from the outset of investigations in serious cases. One advantage of that approach is that the investigators now receive early legal advice from independent APA prosecutors on the weight of evidence and on what further inquiries need to be undertaken before a decision is reached on whether there is sufficient evidence to charge a suspect. That approach, together with a provision in the Armed Forces Bill, will help to avoid the delays that took place in this case. The Bill makes it clear that when the military police consider that there is sufficient evidence to charge a suspect with a serious criminal offence, the case must be referred to the director of service prosecutions for an independent legal decision.

Some 100,000 servicemen and women have served on Operation Telic. Only a very small number have been accused of incidents involving the alleged ill-treatment of Iraqi civilians. Where there is an allegation of wrongdoing and there is supporting evidence following investigation, charges will be brought. Our troops in Iraq continue to perform outstandingly, but they are not above the law.

Today, our sympathies must of course go to all the families involved, but particularly to the family of Sergeant Roberts.

Mr. Dominic Grieve (Beaconsfield) (Con): Let me begin by echoing the Solicitor-General's expressions of sympathy for the family of Sergeant Roberts, and indeed for that of Mr. Zaher, in this tragic series of

[Mr. Dominic Grieve]

events. I thank the Solicitor-General for early sight of his statement—all the more because the first indication I had that the statement would be made was in an e-mail timed at 1.14 this morning, which rather suggests that the Attorney-General and his Department were left a little in the dark by the Government's business managers on how today's business would be conducted.

The Solicitor-General's statement, and the CPS report that accompanied it, were extremely thorough, illuminating and helpful in explaining what happened. I am entirely satisfied that the Attorney-General has acted completely properly in this matter. In the light of that, I hope that the Solicitor-General will take in good part the points that I think need to be raised.

Does the Solicitor-General agree that what emerges most clearly from the CPS report, after two lengthy investigations of the matter—one through Army Legal Services and the SIB between 2003 and 2004, and the second by the police and the CPS—is that the original conclusion and assessment by the first SIB report and the commanding officer was, in fact, entirely correct? This was an incident in which soldiers acted to protect a comrade, Sergeant Roberts, who was under attack from Mr. Zaher. The incident took place in difficult circumstances and with tragic consequences, but no one could possibly say that there was any imputation of criminality. In that context, it is perhaps a little unfortunate that as lawyers we must resort to the expression "insufficient evidence to prosecute". As the Solicitor-General may agree, on the facts given it is difficult to see that this was anything other than a tragic series of events initiated by Mr. Zaher's behaviour.

I am glad that the Attorney-General and the Solicitor-General have acknowledged concern about the length of time that this matter has taken. Part of it—a longer period—was during the time in which the Attorney-General was seized of the matter, but I accept that it was an investigation in difficult circumstances. I hope that the Solicitor-General can provide some reassurance that he is satisfied that the police investigation was conducted as expeditiously as possible.

Does the Solicitor-General agree that what we should strive for in cases such as this is prompt and thorough investigation by the SIB, through the APA, when the specialist nature of its skills can properly reflect the extremely challenging environment in which soldiers are operating, in what in this instance was a combat zone during the initial stages of hostilities in Iraq? May we be reassured that the Solicitor-General and the Attorney-General are satisfied that the new structures that they have established will work to enable the SIB and the APA to provide an efficient and effective service?

The Solicitor-General may agree with me that it is clear that there were inconsistencies in the approach initially, which left the Army chain of command in considerable difficulty over what line to adopt. What we ought, and hope, to see in future is a fairly seamless process whereby such matters can be dealt with in the military sphere, and intervention by the Attorney-General and the police is very rarely needed.

I realise that this may fall a little outside the Solicitor-General's province, but it is pretty plain from the CPS report that the disquiet that has been expressed about the circumstances in which the troops found themselves at the time must remain in question. The use of tank crews in a semi-infantry role to carry out what amounted to a form of crowd control, at a time when they were engaged in intense hostilities—and had been so very recently—and with some equipment that was described in the CPS report as totally unsuitable for the circumstances in which they found themselves—we also know that body armour was deficient in the case of Sergeant Roberts—must give rise to anxieties. I very much hope that the Solicitor-General will be able to communicate those anxieties to his colleagues in the Ministry of Defence and that we may be able to hear more from them about that aspect of the matter in due course.

The Solicitor-General: I thank the hon. Gentleman for the way in which he has responded, and particularly for his comments about the "thorough, illuminating and helpful" CPS report and his comment that the Attorney-General had acted properly throughout. He has indeed.

I agree with the hon. Gentleman that this was a tragic series of events. He asked whether the original conclusion was correct. That is so, in the sense that the conclusion has been the same from the start, but conclusions should be reached on the basis of a full and proper investigation of the evidence. That is the way in which we should do it in this country, and that is the way in which our armed forces seek to operate. That is why, when questions were raised about the way in which this case had proceeded, it was necessary for the matter to be dealt with by the CPS and the Metropolitan police. Now, no one can argue that there was not a full and proper investigation, as indeed there was. It is in the interests of everyone, including the military, that such incidents are fairly and properly investigated and that our armed forces are clearly seen to be subject to the rule of law. Nothing could be more damaging to the reputation of our armed forces, and more likely to provoke hostility towards them, than the suggestion that they can get away with criminal acts of violence against civilians with impunity and without full and proper investigations.

The hon. Gentleman asked about the thoroughness of SIB investigations and whether the Attorney-General and I were satisfied that the procedures now being introduced were adequate to ensure proper investigation. The key change is that in future the prosecutors in serious cases will be involved from an early stage. That will enable them to give advice and guidance to the SIB about what evidence needs to be collected and what procedures are necessary, so that—we hope—investigations will proceed much more effectively in future. We are satisfied that those improvements are very important. In addition, the report on the SIB by Her Majesty's inspectorate of constabulary, which is due later this year, will provide important guidance on what improvement the SIB needs to make internally.

The hon. Gentleman asked about the delays. They are indeed regrettable. There were clearly differences of view in Army Legal Services: our lawyers, quite honestly, had formed different opinions. The Army chain of command was therefore subject to a degree of different advice, which is regrettable.

The Metropolitan police investigation was obviously hampered by the circumstances in Iraq. A particular difficulty was that the Metropolitan police had to secure the confidence of Mr. Zaher's family in order to have access to his body and conduct an autopsy. That took some time. We did not get the autopsy results—in final form, at least—until February. In March, Treasury counsel offered an opinion to the CPS, which was then able to inform us of its final conclusion.

I agree with the hon. Gentleman that this tragic series of events has been fully investigated and that the soldiers involved can move on, knowing that their position has been clearly set out and that there are no circumstances in which anyone could argue that they should be prosecuted.

Simon Hughes (North Southwark and Bermondsey) (LD): The whole House will join the Solicitor-General and the hon. Member for Beaconsfield (Mr. Grieve) in expressing sympathy to Sergeant Steven Roberts' wife, Mrs. Samantha Roberts, his mother and the rest of the family, and, indeed, to the family of Mr. Zaher. As we all know, it has taken the three years and a month that has passed since those tragic deaths—it is almost three years to the day since Sergeant Roberts' funeral—to resolve this issue. However, I welcome the fact that a clear conclusion has now been reached. I agree with the Solicitor-General that it is the right one and that it should put an end to this terrible period of uncertainty.

I, too, recognise that in investigating these events and the possibility of bringing criminal proceedings in the complicated and difficult circumstances that surrounded the outset of this conflict, it would have been very unfair to judge that these soldiers, in doing what they thought they were duty bound to do—to support their colleagues—should be prosecuted in the criminal courts. They will be hugely relieved, as will their colleagues serving in Iraq and elsewhere. We pay tribute to the work that they do, usually without fear for themselves, and their willingness to take risks.

In the light of this experience, the Armed Forces Bill and other related matters, are the Solicitor-General and the Attorney-General satisfied that such a delay—a year and a quarter was spent on the internal investigation and the rest on an external civilian investigation—will not happen again in any foreseeable circumstances? That must be the major lesson for all concerned to learn. Secondly, like the hon. Member for Beaconsfield, I was slightly concerned by the Attorney-General's use of the phrase "insufficient evidence to prosecute". Were the same two tests that would normally be applied in any civilian case—whether there was a more than 50 per cent. chance of conviction, and whether it was in the public interest to proceed—applied in this case? I assume that they were, and that that is therefore the end of the matter.

Thirdly, are we sure that the boundary between military investigation by the armed services' legal authorities and civilian investigation is now clear, both at home and abroad? The Defence Minister, the right hon. Member for East Kilbride, Strathaven and Lesmahagow (Mr. Ingram)—he is in his place—knows that the Deepcut investigation raised the same issues: who should investigate and who should decide on prosecution? Will there be a speedy process to decide who investigates, in order to give maximum confidence?

My final point links to one mentioned by the hon. Member for Beaconsfield. On the responsibilities of the Attorney-General and the Solicitor-General, are they seized of issues relating to a duty on the British Army and its management to ensure that service personnel go into the front line properly equipped? Is there such a duty of care, and will it always be fulfilled by ensuring that personnel have the kit, equipment, clothing and other materiel to allow them to do their duty safely and properly?

The Solicitor-General: I join the hon. Gentleman in paying tribute to our armed forces. We ask a lot of them in very difficult circumstances, particularly in Iraq; throughout their period there, they have done Britain proud. As I have said, there are very few cases where an investigation has been necessary because our forces' behaviour has been outstanding. However, it is right that these investigations take place expeditiously. On the delays about which the hon. Gentleman asked, we believe that the new procedures will speed up the process. The Judge Advocate-General has instituted new court procedures, which are already paying dividends by ensuring that courts martial are heard more quickly. Moreover, as a result of this and other cases, the SIB has improved its procedures. I hope that the HMIC report, which we should receive in due course, will provide the advice that the SIB needs to enable it further to improve its carrying out of such investigations.

The hon. Gentleman asked whether the same tests are applied in considering whether to prosecute, and the answer is yes. In this case, there was no realistic prospect of a conviction, so in a sense the public interest test did not need to be applied. The evidence did not substantiate initiating proceedings. On the link between Army and civilian courts, this Parliament has created circumstances in which it is appropriate for cases to be transferred from one jurisdiction to another. We firmly believe that the military courts system is very good. It has delivered justice very fairly across a range of issues, and we continue to have substantial faith in it.

The hon. Gentleman asked about the duties of the Ministry of Defence, which is of course obliged to ensure that it provides soldiers serving in Iraq and elsewhere with proper equipment. The question of kevlar plates and the wearing of the appropriate protective jacket played no part in the legal decisions. Although the pathologist's evidence is not conclusive, it does suggest that, because Sergeant Roberts was shot in the torso, a protective jacket might have made a difference and might have saved his life. My colleagues in the MOD are taking account of that issue. I should point out that the MOD is not a body corporate, of course, and has Crown immunity in relation to such matters. That, in a sense, deals with the hon. Gentleman's point about legal duties.

I repeat that I join the hon. Gentleman in paying tribute to our armed forces.

Philip Davies (Shipley) (Con): As the Solicitor-General will know, Mrs. Roberts is a constituent of mine. All our thoughts go out to her and her family at what has obviously been an incredibly distressing time. I welcome the Solicitor-General's statement, particularly his saying that there will be no prosecution of the soldiers involved. As my hon. Friend the Member for Beaconsfield (Mr. Grieve) said, this was clearly a tragic series of events,

[Philip Davies]

involving soldiers working in incredibly difficult circumstances. I also welcome the concern expressed about the length of time taken to resolve this situation, which can only have added to the distress experienced by Mrs. Roberts and the rest of Sergeant Roberts' family.

The fact is that the main cause of Sergeant Roberts' death was the Government's insufficient preparation for the war in Iraq and the inadequacy of the kit. Tragically, Sergeant Roberts raised this issue himself in Iraq before he died. His wife has campaigned bravely on it, and I pay tribute to the courage that she has shown in that regard since her husband's death. She has acted with great dignity and she should be commended for that. I hope that, as a fitting tribute to Sergeant Roberts and the campaign fought by Mrs. Roberts, the Ministry of Defence will take note of the lessons to be learned and ensure that no other soldier dies, as Sergeant Roberts tragically died, because of inadequate kit.

The Solicitor-General: Of course, every death of a member of British service personnel is felt profoundly in the military family. All our thoughts are with Mrs. Roberts during these very difficult circumstances. She has been very concerned about the question of the protective equipment that her husband might have worn, and I am assured that the MOD has learned the lessons, is well aware of the circumstances of this case and is seeking to do all that it can to discharge its responsibilities to our soldiers in Iraq and elsewhere.

Mr. Dan Rogerson (North Cornwall) (LD): I share the expressions of sympathy to Mrs. Roberts and the other members of Sergeant Roberts' family. I welcome the fact that the Solicitor-General said that investigations into incidents such as this will be conducted much more speedily in the future, and I am sure that we are all glad to hear that. The Solicitor-General will no doubt be aware that my predecessor, Lord Tyler, worked with the Roberts family in seeking to bring the matters surrounding the tragic death of Sergeant Roberts to the attention of the wider world.

The issue of the lack of equipment that may have saved Sergeant Roberts' life is a matter of concern across Cornwall and the rest of the country. I welcome the Solicitor-General's assurances that his colleagues in the Ministry of Defence are investigating it and ensuring that such factors will not cause further deaths in future. However, can he tell us a little more about how investigations into that aspect of Sergeant Roberts' death impacted on the decision on whether to bring charges and the results of that consideration?

The Solicitor-General: The presence or otherwise of the protective jacket is a matter for the Ministry of Defence and others, and it did not have any substantial bearing on the legal decisions. In terms of the lawyers' examination of the evidence, the issue was whether the soldiers had acted appropriately and whether Mr. Zaher was posing a threat to them at the time. Those matters were looked at and conclusions were reached based on a full investigation and consideration of the evidence. The straight answer to his question is that the presence or absence of kevlar plates and a protective jacket was not, in legal terms at least, an issue that had a substantial bearing on the outcome of the case.

Mr. James Arbuthnot (North-East Hampshire) (Con): I am grateful to the Solicitor-General for his meticulous care in warning us of the statement that he has made today, and for its tone and content. He is right to say that our soldiers are not, and should never be, immune from prosecution. They are subject to the rule of law and that is what they are fighting for. The statement gives us a lot of information that we can look at now with the benefit of hindsight. I suppose the value of hindsight is that we can learn from it for the future.

There are two aspects on which I hope that the Solicitor-General can comment. First, the maxim that justice delayed is justice denied is one to which insufficient attention has perhaps been given. Secondly, the Solicitor-General referred to differences of view in the Army Legal Services. Given the fact that our soldiers are fighting on behalf of all us—and doing a fantastic job in very difficult circumstances—does he agree that more benefit of the doubt could be given to our soldiers in relation to prosecutions such as this?

The Solicitor-General: It is important that whenever we look at a case involving our soldiers engaged in active service areas, such as Iraq, we take into account the precise circumstances in which they are operating. When making a decision, we need to take into account the threat that soldiers may feel under and the background circumstances that they face. In looking at the evidence, those who make decisions on prosecution—be it the APA or the Crown Prosecution Service, as in this case—will consider those circumstances. Therefore, I do not think that we need to change the test.

The right hon. Gentleman mentioned the maxim that justice delayed is justice denied. Delays such as those in this case are regrettable, but it is also important that we have a full and thorough investigation. What we cannot have is a situation in which people make allegations that there has been some kind of cover up. They cannot do so here, because the case has been fully and properly investigated on several occasions. No criticism can now attach to the thoroughness of the investigation. If we demand that other countries comply with international law and basic standards, we must show that we do to. This case shows that. We have conducted a full investigation and reached a conclusion based on the evidence. That is what we ask other countries to do and that is what we must continue to do ourselves.

Mr. Ben Wallace (Lancaster and Wyre) (Con): I am afraid that I will not be so charitable towards the statement, but that is perhaps because, as a former soldier, I know too well the effects that delay and such investigations have on the morale of soldiers, their families and units—especially those in the front line.

The Solicitor-General said that the case was started because it might have been perceived that British soldiers shot an unarmed civilian. However, at the end of his statement he said that if there is an allegation of wrongdoing and supporting evidence following an investigation, charges will be brought. Is it not the case that there was not actually an allegation of wrongdoing in this case, but that yet again commanding officers and units in the front line—who know the environment, as did the local Army Legal Services staff—were overruled for reasons of perception, not reasons of correct justice?

The Solicitor-General: There was, regrettably, an allegation of improper behaviour. The independent Iraqi civilian who made some allegations put forward a version of events that did not include the shooting of Sergeant Roberts, but did suggest that the behaviour of the troopers involved had not been appropriate. That was discovered at a later stage, but it is clear that perceptions might have arisen after an unarmed civilian had been shot. It is right that when that occurs, the British Army should protect itself by having a proper, full and thorough investigation so that it can say that it acted lawfully and properly, that it is not above the law and that it does things the right way. To suggest that there should not have been a full investigation is just plain wrong and it would undermine the very basis on which our Army claims to act. It is right and appropriate that there should have been a full investigation. It was carried out, and those soldiers can now say that it was done and they were cleared.

Mr. Brian Jenkins (Tamworth) (Lab): In my hon. and learned Friend's statement he said that there were "inconsistencies" in the accounts provided by the soldiers. Does he recognise that there are always inconsistencies in statements given by witnesses? If there are no inconsistencies, the witnesses are deemed to have colluded before giving their evidence. It also rankles with some of us that after an extensive inquiry the statement concludes that there is "insufficient evidence" to institute criminal proceedings in this case. We have the evidence—surely it shows that there is no case to answer.

The Solicitor-General: It is the case that there is insufficient evidence and therefore there is no case to answer. I am afraid that lawyers tend to use legal terminology, and the public have a right to know that the conclusion is that there is not a case to be answered in the criminal courts. My hon. Friend mentioned inconsistencies. The incident took place in the early stages of the armed conflict in Iraq and soldiers were clearly under a great deal of stress. The circumstances were confusing, including the fact that the machine gun was set to fire at a greater distance than events required. There were a series of factors that led to an element of confusion and, therefore, it is not unlikely that accounts should display inconsistencies. Anyone who has experience of hearing witnesses give evidence in court will know that there are often honest inconsistencies.

Mr. Tobias Ellwood (Bournemouth, East) (Con): As a former soldier, I share in the tributes paid to our servicemen and women who represent our country abroad. They do a difficult job. I also share the thoughts for the families who face pressures when servicemen or women are abroad.

I draw the attention of the Solicitor-General to a written answer from the former Secretary of State for Defence, in which he stated that Sergeant Roberts' wife

"was provided with a summary of the incident on 18 June 2003 by the Casualty Visiting Officer".—[*Official Report*, 22 January 2004; Vol. 416, c. 1392W.]

As everybody is aware, Sergeant Roberts' death took place five days into the conflict on 24 March 2003, so there is a two-month difference. Does the Solicitor-General agree that two months was far too long to draw out the basic facts of the case and provide them to the widow in those tragic circumstances? Some people have said that the reason for the delay and for allowing the argument about enhanced body armour to run in the media was to cover up the fact that it was a case of friendly fire. There are many lessons to be learned about improving communications to stop rumours spreading, especially in the British press, which do not help the morale of the troops and do not help us in communicating exactly what happened.

The Solicitor-General: It is important that families are given as much information as is reasonable as early as possible and that the information is accurate, which means that there must be some degree of investigation of it. We have already heard from my hon. Friend the Member for Tamworth (Mr. Jenkins) that sometimes there are inconsistencies in statements and all sorts of issues arise, especially in a conflict zone. There were difficulties in returning to the site to gather forensic evidence. I am sorry that Mrs. Roberts had to wait so long for a description of what had happened to her husband. That is obviously distressing, but it is important that when a description is given it is as accurate as possible, which requires investigation and that requires time. It would have been even worse, however, if Mrs. Roberts had been given one explanation and then over time, as new evidence emerged, it was changed time and again. I suspect that that would lead to even greater distress.

The media do not have to be accurate when they report things. The Government and the Ministry of Defence at least try to be as accurate as we reasonably can in the information we give. It is important that time is taken. The media want the story tomorrow, but the Government have to get the full story out as accurately as possible, which may take a bit more time and in some cases, such as this one, a substantial degree of extra time.

Richard Younger-Ross (Teignbridge) (LD): I had the privilege of visiting Iraq in June 2003 as part of the armed forces parliamentary scheme. During our time there, I spent nearly 24 hours with the 2nd Royal Tank Regiment. I ate with the soldiers, talked to them and went on patrol with them in a Challenger tank. The point they made about Sergeant Roberts' death was that he did not have kevlar; I understand that he had in fact been given kevlar but asked to give it to another soldier. They clearly believe that the lack of that protection led to his death. Should not the Government look into whether the forces should have a duty of care to ensure that the basic safety equipment required for front-line duties is actually provided? The family of Sergeant Roberts could then have taken a case against the services for their failure to protect his life. He gave his life for his country.

The Solicitor-General: The Ministry of Defence always has to be risk-aware and, where it can, provide the appropriate equipment, but there is no such thing as a risk-free environment, and certainly not in Iraq; our soldiers and other service persons run risks when they are on active service. My earlier comment that the MOD has looked at the case and sought to learn lessons is appropriate. The MOD will seek to provide appropriate equipment and to ensure that soldiers have whatever protection can reasonably be given, but no circumstances, not least in Iraq, are without some degree of risk.

Orders of the Day

Northern Ireland Bill

Considered in Committee.

[SIR ALAN HASELHURST *in the Chair*]

Clause 1

PREPARATIONS FOR RESTORATION OF DEVOLVED GOVERNMENT

1.6 pm

Mark Durkan (Foyle) (SDLP): I beg to move amendment No. 7, in page 1, line 9, at end insert

'(including proposals to give effect to the agreement reached at the multi-party talks on Northern Ireland set out in Command Paper 3883)'.

The Chairman of Ways and Means (Sir Alan Haselhurst): With this it will be convenient to discuss the following amendments: No. 16, page 1, line 9, at end insert—

'(1A) Each candidate for either office under subsection (1)(a) above must stand for election jointly with a candidate for the other office.'.

No. 17, page 1, line 9, at end insert—

'(1A) Two candidates standing jointly for the purposes of an election under subsection (1)(a) above shall not be elected to the two offices without the support of—

(a) a majority of the members voting in the election,

(b) a majority of the designated Nationalists voting, and

(c) a majority of the designated Unionists voting.'.

No. 21, in schedule 1, page 4, line 5, leave out first 'Assembly' and insert 'Forum'.

No. 22, in page 4, line 5, leave out second 'Assembly' and insert 'Forum'.

No. 8, in page 4, line 9, at end insert

'and to give effect to the agreement reached at the multi-party talks on Northern Ireland set out in Command Paper 3883.'.

No. 23, in page 4, line 15, leave out sub-sub-paragraph 1(a).

No. 4, in page 4, line 18, leave out from 'officers' to end of line 19.

No. 25, in page 4, line 19, at end insert—

'(1A) A person shall not be elected under sub-sub-paragraph 3(1)(b) above or sub-sub-paragraph 3(3)(b) below without cross-community support.

(1B) For the purposes of sub-paragraph (1A) above "cross-community support" shall have the same meaning as in subsection 39(7) of the Northern Ireland Act 1998.'.

No. 24, in page 4, line 26, leave out sub-sub-paragraph 3(a).

No. 26, in page 4, line 32, leave out paragraph 4.

No. 27, in page 5, line 18, leave out paragraph 6.

No. 6, in page 5, line 20, at end insert—

'Assembly control of Orders in Council

7 Paragraph 2 of the Schedule to the 2000 Act is replaced by—

"Parliamentary and Assembly control of Orders in Council

2(1) Except where sub-paragraph (2) applies, an Order in Council may not be made under paragraph 1(1) unless each of the following conditions is met—

(a) Condition 1 is that a draft of the Order has been referred under section 1(1) of the Northern Ireland Act 2006 to the Assembly;

(b) Condition 2 is that a meeting of the Assembly has taken place at which it has had the opportunity to consider the draft of the Order;

(c) Condition 3 is that the Assembly at that meeting has not expressed by resolution passed with cross-community support its opposition to the draft of the Order;

(d) Condition 4 is that the draft of the Order has been approved by resolution of each House of Parliament.

(2) This sub-paragraph applies where the Order declares that the Secretary of State has advised Her Majesty that because of the urgency of the matter it is necessary to make the Order without meeting any of the conditions in sub-paragraph (1).

(3) Where an Order contains a declaration under sub-paragraph (2) it—

(a) must be laid before Parliament after being made; and

(b) ceases to have effect if it is not approved by a resolution of each House of Parliament before the end of the relevant period.

(4) Where an Order contains a declaration under sub-paragraph (2) it—

(a) must be referred to the Assembly under section 1(1) of the Northern Ireland Act 2006 after being made; and

(b) ceases to have effect if before the end of the relevant period—

(i) the Assembly has not had an opportunity to consider the Order; or

(ii) the Assembly has passed a resolution with cross community support expressing its opposition to the Order.

(5) But sub-paragraphs (3)(b) and (4)(b) do not prejudice—

(a) anything done under the Order before it ceased to have effect; or

(b) the making of a new Order.

(6) In this paragraph—

"the Assembly" means the Assembly referred to in paragraph 1 of Schedule 1 to the Northern Ireland Act 2006;

"the relevant period" means the period of 40 days beginning with the date on which the Order is made.'.

Mark Durkan: We covered many matters yesterday on Second Reading. We have tabled amendments Nos. 7, 8 and 6 to clause 1. The clause provides that the Secretary of State may refer certain matters to the Assembly that is to be set up under the Bill, namely, the election of the First Minister and Deputy First Minister, the operation of d'Hondt and such other matters as the Secretary of State sees fit.

The clause makes it clear that suspension does not end with the creation of the Assembly. It provides that the Assembly is to be composed of people who were elected to the Northern Ireland Assembly, so there is a clear legal distinction between the Northern Ireland Assembly and the Assembly. So far, the Secretary of State has not coloured in exactly which other matters he might see fit to refer to the Assembly. There were various exchanges between Governments and parties in the run-up to the statement made by the two premiers in Armagh, which preceded the Secretary of State's announcement of the Bill last week. The purpose of amendment No. 7 is to try to probe further into which other matters the Assembly might consider.

Elsewhere in the measure, it is made clear what will happen if restoration does not occur by 25 November. The Assembly set up by the legislation will be wound up and the Secretary of State has made it clear that Assembly Members will lose their jobs. We accept that, as we have been told, the Assembly is not a shadow Assembly—so it is not even a shadow of its former self. It should not continue indefinitely. We do not want an endless talking shop of any kind, but the Government are making a mistake if they think that the deadline will worry those who may not be in a hurry to form an inclusive Executive by that date. Talk of closing the book on devolution and talk, such as we heard yesterday, of bringing the curtain down on the process that has been in operation since 1998 could appeal to a party such as the Democratic Unionist party, which still says that its aim is to remove and replace the Belfast agreement.

The proposals that may or may not exist on joint stewardship in the event of the Assembly being wound up if there is failure by 25 November do not extend to anything that might look like joint authority—the Secretary of State for Northern Ireland has been at pains to state that here last week and this week—so it would seem that perhaps we are talking about some sort of direct rule with knobs on at best. Again, I am not sure whether that will particularly appeal to anyone to whom the deadline is meant to appeal, and I am not sure whether it will scare or frighten anyone whom the deadline is supposed to worry in that sense.

It would suit those in the DUP in many ways for everything to be wound up at that stage and for attempts to be made in the direction of joint authority, to which they can then galvanise opposition and claim success in those attempts and, indeed, in burying the agreement, as they would see it. There is a danger that parties could have an incentive to play it out to failure on 25 November. Indeed, that incentive could also extend not just to the DUP, but to those in Sinn Fein who, for their own reasons, might be quite happy for us to reach a situation where the onus is on the two Governments to produce an alternative after 25 November. Of course, they can then galvanise and criticise when that is not good enough from their perspective either. Of course, they would be happy to blame the collapse by 25 November on the DUP.

The danger is that, after 25 November, the Northern Ireland Assembly might not be a given, the Assembly created by the Bill might be gone and a worthwhile alternative from the two Governments might not be a given and not be available. It might well be that the only given that we will have then is the outcome of the review of public administration—the seven super-councils, the repartition in waiting and the deep Balkanisation of our society—and in those circumstances, parties might well start to turn their attentions to how they build up their powers and bases in those new local government institutions, rather than concentrating on how we deliver the vision for devolution that the people of Northern Ireland endorsed when they voted overwhelmingly for the agreement.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): Why are those the only options available to the political parties in Northern Ireland? There is still the option of voluntary coalition, and my party has said many times to the hon. Gentleman and his colleagues that, in the absence of Sinn Fein-IRA completing the journey to democracy, peace and the rule of law, we are prepared to go into government tomorrow with them, so there are other options on the table, including the proposals that the hon. Gentleman and his party have made.

Mark Durkan: If the hon. Gentleman looks at amendment No. 7, he will see that it would allow people to consider and argue about other such proposals, to test one another and to press one another on them. However, the fact is that we could face a dangerous situation after 25 November if we have failed by that stage and if the language used is that of closing the book on devolution and therefore closing the book on the agreement for the foreseeable future. We could end up in circumstances that no one has advocated, no one has argued for and certainly no one has voted for in voting for any party. That is why I believe that, in the period that we have, if it looks as though we are not making progress to form the inclusive Executive and getting the First Minister and Deputy First Minister elected in the due way, it might well be appropriate, if the parties agree, to look at some options that still allow us to make progress that is consistent with the Good Friday agreement and that allows suspension to end—not to continue and prolong this kind of half-baked, twilight zone Assembly, but to create one that allows us to end direct rule and to restore the Assembly with its powers, the North/South Ministerial Council and the British-Irish Council.

The hon. Member for Lagan Valley (Mr. Donaldson) refers to our proposals in the past. Our proposals were made more than two years ago. They did not require IRA decommissioning or anything else—it would have been restoration there and then, or restoration here and now—and if the Assembly were to discuss options such as ours, other parties would be free to propose other options. I urge the Secretary of State to make it clear that the Assembly will have the potential to maximise the agreement's implementation. That is made clear in amendment No. 7, and we would like to hear that the Government will consider that, rather than pushing to a position that would simply allow others to declare the agreement dead.

1.15 pm

We recognise in that context not only that we will be trying to test others with alternatives and better ways to find a more definite approach to implementing the agreement, but that other parties will be testing us with their proposals, some of which, of course, would involve departing from the agreement. However, if the purpose of the Assembly is, as we have been told over the past few weeks, to provide a forum where all the parties can discuss things and where side deals are not going on and if the Assembly is the locus for political discussions, it seems to me that, given such political discussions as the Government know they will have with the parties, the parties should be able to have discussions with one another in public view in the context of the Assembly created by the Bill.

I will not speak to the amendments tabled by other hon. Members. We have also tabled amendments Nos. 8 and 6 in this group. The purpose of amendment No. 8 is simple: to make it clear that the purpose of the

[Mark Durkan]

Assembly created by the Bill is to give effect to the Good Friday agreement. The House should have no problem with that because, after all, section 1 of the Northern Ireland (Elections) Act 1998, which set up the original shadow Assembly, contained similar wording, and the Secretary of State has told us that much of the Bill has been drawn from that original 1998 Act. If it was okay then, and the purpose of the Bill is to get us to implement the agreement, we see no reason why that cannot be made clear upfront in the legislation now.

I will now address amendment No. 6—and as I said yesterday, the key to our approach is whether the Bill offers a path to restoration or whether it offers the sort of talking shop that the DUP have advocated. We recognise from what we have seen to date that the Bill may offer both. It could be a path to restoration in that, if we elect a First Minister and Deputy First Minister and run the d'Hondt system and everyone takes the pledge of office, the Secretary of State will restore the institutions. Certainly, we would welcome that—we want to see those things happen—and we will be there, taking our place in the Assembly, to try to make them happen.

Mr. Gregory Campbell (East Londonderry) (DUP): Again, the hon. Gentleman alludes to two distinct things: either a talking shop, which he appears to believe, wrongly, is an option that the DUP wants, or a restitution of the institutions, which is obviously what he wants. Can he open his mind to the fact that this may in fact evolve into something that is neither of those?

Mark Durkan: I look forward to hearing more from the hon. Gentleman and his colleagues about some of what they have in mind, but so long as we are in the Assembly created by the Bill and not a restored one, I certainly want to ensure that the elected representatives in that Assembly can use their time as productively as possible. I do not want the considerations that its Members then have to be meaningless and weightless.

The fact is that the Secretary of State is given the power in clause 1(1) to refer to "such other matters as" he "thinks fit" to the Assembly created by the Bill. Obviously, that refers back to the statement by the two Governments on 6 April. We are told that the Secretary of State and Ministers would take account of motions passed with cross-community support on matters such as water rates and the review of public administration. It is hard for people to put much weight on such verbal indications from the Government in circumstances where the Government have consistently failed to respect the will of parties, as clearly expressed on a cross-community basis outside the Assembly during suspension.

How are we to believe that the Government will respect the views of Assembly Members in that Assembly? Will "take account of" extend to "abide by the will of"? That is what amendment No. 6 tests. It would give the temporary Assembly created by the Bill a temporary power for the life of that Assembly, by cross-community vote, to veto Orders in Council. That would not be a veto in the hands of one party or another party, or one community interest or another community interest, but a veto, for the life of the temporary Assembly, in the hands of a cross-community majority in that Assembly.

If the Secretary of State cannot accept amendment No. 6, I will have to ask what reason he can offer to Members of the Legislative Assembly for attending work in the Assembly to deal with such other matters as he might refer to it. If the clear and overwhelming views of the Assembly on matters such as industrial de-rating, water charges and the review of public administration will have no binding impact on what the Government do, it is hard to see how people will be well motivated in that work. It is also hard to see how the variety of policy communities and sectoral interests will take the Assembly seriously in that context. If the Secretary of State, who is creating and will control the Assembly, does not take it seriously, it is hard to expect or rely on all its Members, and certainly the wider public, to take it seriously.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Having read amendment No. 6, it seems that the hon. Gentleman seeks a negative power for the Assembly to veto Orders in Council. How does he consider that the Assembly will work in terms of positive powers? What positive powers does he think the Assembly should have and how much budgetary control does he think it should have?

Mark Durkan: To give the Assembly positive powers on a cross-community basis would, in effect, give one community or another, or one party or another, a veto on positive proposals and that would not be constructive in this situation. We do not want to give life to any sort of diversionary, half-baked Assembly. In so far as we are faced with this Assembly, which would not have been our choice—we wanted to go for full restoration—we will make the most of what is put in front of us, but we are not going to give life to something that diverges significantly from the agreement.

This is a temporary Assembly. If the idea of the 25 November deadline is to concentrate minds and to say to parties, "You will face serious consequences if you let all this fizzle out and the prospect of devolution turn to dust," giving that temporary Assembly the temporary power of political estoppel on matters that are clearly unpopular in the Northern Ireland community, would at least let people know that, if there is failure by 25 November, the effect of that power of estoppel will go. People will know that the community will pay a price and hopefully then parties will pay a price in front of the community for having allowed their success in stopping and preventing some of these measures to evaporate, because obviously the Government are then free to return to implement those measures under direct rule.

Concentrating and galvanising the power of that incentive makes the deadline count for far more. It will give people in the wider community—the various policy communities and sectoral interests—some mission and purpose in looking to the temporary Assembly to send a signal of a real prospect of better policy outcomes for them. They will be pressing parties to make the most of the situation and to make sure that we have success before 25 November, not failure. That is the purpose of amendment No. 6. I will not address the other amendments in detail.

Sammy Wilson (East Antrim) (UUP): I thank the hon. Gentleman for the explanation of that amendment. Does he accept that there is a disincentive to proceed with any Assembly if such matters are pushed through in the meantime, anyhow, and therefore it would be important for the amendment to be accepted?

Mark Durkan: I take fully the hon. Gentleman's point. It is the corollary of the point that I have just made—it is the other side of the coin. Given the point that the Government are at in pushing through some of these disagreeable measures, people might well have cause to allow the failure of the exercise so that they do not have to take responsibility for managing and steering those affairs from then on. So long as they can blame somebody else for that failure, they are home in a boat, as they would see it. I take his point and I hope that the Secretary of State is persuaded by the fact that there is a clear, strong argument, in terms of realpolitik, for this particular amendment.

I will not speak to the amendments that we do not support. In this group, we are supportive of the amendments from the Ulster Unionist party on ensuring that the election of the First and Deputy First Ministers is carried out absolutely on the basis that was specified in the Good Friday agreement.

Lady Hermon (North Down) (UUP): May I put on the record my deep appreciation of the House authorities and, in particular, the Public Bill Office for accepting amendments at very short notice? The Bill was introduced and published only last Thursday. By virtue of the fact that it was introduced so late, amendments had to be late, but I appreciate, most sincerely, the great leniency that has been shown by the Public Bill Office.

May I also say what a delight it is to see the Minister of State, Northern Ireland Office, the hon. Member for Delyn (Mr. Hanson), and also the Secretary of State in their places—for the entire debate, we hope? May I just say to the Secretary of State that I do know that there has been a death in his family? I extend my deepest condolences to him and I am sure that they will be shared by everyone in the House.

We have a lively debate ahead of us and a number of the amendments that stand in my name are in this first group, under clause 1, "Preparations for restoration of devolved government". I will briefly indicate what the amendments relate to and then speak to them in more detail. Amendments Nos. 16 and 17 deal with the election of the First and Deputy First Ministers, which I wish to see carried out by means of a joint election, with both names on the same ticket.

Amendments Nos. 21 and 22 deal with the name of the new creature that we discussing. As I indicated yesterday, I find it disturbing that the Bill, the Secretary of State and the Minister constantly refer to this new creature as the Assembly. In the minds of the people of Northern Ireland, that conjures up the idea that it is the same as the Northern Ireland Assembly. Of course, it is a very pale shadow of the former Northern Ireland Assembly; it is a talking shop. Amendments Nos. 21 and 22 seek to christen it a "Forum" rather than an assembly.

Amendments Nos. 23 and 25, which stand in my name, deal with the election of the Presiding Officer. I take exception to the Secretary of State taking to himself even more power. I know that those concerns are shared by the hon. Member for Belfast, East (Mr. Robinson). We have not had discussions in the Tea Room about elections, but I hope that he and the hon. Member for Strangford (Mrs. Robinson) will support the taking away of additional Executive powers from the Secretary of State, which is what is embodied in my amendments.

Amendment No. 24 deals with the replacement of any Presiding Officer. Again, the Secretary of State is taking the power to replace any Presiding Officer or deputy, or to fill a vacancy. I hope that I will have the support of the right hon. Member for North Antrim (Rev. Ian Paisley) for amendment No. 26, which would remove the power of the Secretary of State to control proceedings in the Assembly by directions. Amendment No. 27 deals with the privilege of Members of the Legislative Assembly. I admit that it is a probing amendment, but its purpose is to find out why when MLAs take up their posts in the new body and sit again in Stormont, their statements will have limited privilege.

1.30 pm

Perhaps I can deal with the amendments in reverse order. If anything emphasises to the entire House that the new creature will not be the old Assembly, it is paragraph 6 of schedule 1, which amendment No. 27 would remove. The provision sets out the limited privilege that will be attached to statements made by the 108 MLAs. I think that I am right in saying that all Democratic Unionist party Members who sit in the House are also Assembly Members. Indeed, apart from the hon. Member for South Down (Mr. McGrady), all Social Democratic and Labour party Members are Assembly Members. They will be curious to find that the law is being redrafted to reduce what can be said with privilege in the new Assembly.

The Northern Ireland Act 1998 could be described as the constitution of Northern Ireland because, according to its long title, it is the main piece of legislation for the "government of Northern Ireland". The Secretary of State and Assembly Members will know that according to section 50 of that Act:

> "For the purposes of the law of defamation, absolute privilege shall attach to ... the making of a statement in proceedings of the Assembly; and ... the publication of a statement under the Assembly's authority."

The 108 MLAs thus have absolute privilege, but paragraph 6 of schedule 1 will take that away. This does not affect me, as the Member for North Down, because I do not sit in the Assembly, but I am genuinely worried about why the 108 Assembly Members who return will find that their privilege has suddenly been reduced.

According to paragraph 6 of schedule 1:

> "A written or oral statement made by a member in or for the purposes of the Assembly is to be privileged from action for defamation unless it is proved to have been made with malice."

Will the Secretary of State or the Minister kindly comment on the impact that the provision might have on any publication of the new Assembly, or, indeed, any media coverage of its proceedings? Why will the absolute privilege attached to Members of the old Northern Ireland Assembly—the proper Assembly—not carry through to the new creature?

Derek Conway (Old Bexley and Sidcup) (Con): I have sympathy with the hon. Lady and hope to support amendment No. 26, which she tabled, in due course. Does she know how the question of privilege for the Assembly relates to what goes on in the Scottish Parliament and the Welsh Assembly?

Lady Hermon: I, as the Member for North Down, could not possibly comment on the business and proceedings of the Welsh Assembly, but we are greatly honoured and benefited by having in the Chamber a Secretary of State who is not only Secretary of State for Northern Ireland, but Secretary of State for Wales. I am sure that his knowledge also extends to the Scottish Parliament, so we look forward to clarification of the situation for the Scottish Parliament and the Welsh Assembly from the person who is best qualified to comment.

Mr. Alan Reid (Argyll and Bute) (LD): I cannot speak for the Welsh Assembly, but I assure the hon. Lady that the Scottish Parliament has absolute privilege.

Lady Hermon: That is most helpful.

Sir Patrick Cormack (South Staffordshire) (Con): I think that the hon. Lady will find that the same applies to the Welsh Assembly.

Lady Hermon: I am grateful for those two interventions.

Mr. Peter Robinson (Belfast, East) (DUP) *rose—*

Lady Hermon: I might as well take a third intervention, especially as I am sure that it will be helpful.

Mr. Robinson: I hope that the hon. Lady does not cancel our engagement for tea.

Does the hon. Lady realise that the Northern Ireland Assembly still holds full privilege? We are discussing not that Assembly, but a new creation with a specific purpose. The Government judge that the purpose for which the new Assembly will be sitting may not require full privilege. What distinction does she draw between that full privilege and the privilege that will be extended to the new Assembly, which will require people to prove that malice was intended? How on earth will that be short of full privilege? I suspect that no one will be able to prove that someone has made a statement with malice in mind.

Lady Hermon: I am most grateful for the hon. Gentleman's intervention, which I am sure was intended to be helpful. He helped to clarify and reinforce a point that I made at the start of my comments on the amendment: if any measure in the Bill jumps off the page to reinforce the fact that the body will be not the Northern Ireland Assembly in shadow or devolved mode, but a new creature, it is the change to the law on absolute privilege.

I simply wish to know from the Secretary of State or the Minister the impact that the measure will have on those in the media who genuinely report what is said. According to the Bill, the privilege attaches to the Members. Unlike under section 50 of the 1998 Act, it will not extend to publications from the Assembly. The media perhaps have the most to lose financially as a result of the measure, so they may also want clarification.

Mr. Clifton-Brown: While the hon. Lady has been talking, I have had the opportunity to read section 50 of the 1998 Act, which is, indeed, widely drawn. What worries me about paragraph 6 of schedule 1 of the Bill is how intent and malice would be proved. Would it be possible that the measure would put the leader of the Assembly in an invidious position? The leader might become involved in court proceedings to rule on whether something was said with malice.

Lady Hermon: The Secretary of State has already chosen an individual to be the Presiding Officer, although I do not think that he had the authority—certainly not under the 1998 Act—to appoint any individual as a Presiding Officer. I assume that he has discussed the new law on defamation and privilege with the nominated Presiding Officer.

The Secretary of State for Northern Ireland (Mr. Peter Hain): I understand why the hon. Lady is worried about the measure. Although I could have waited until my reply to make this point, it is important that I do so now. The arrangements are exactly the same—I think that the hon. Member for Belfast, East (Mr. Robinson) was alluding to this point—as those that applied in 1998 before we had a fully-fledged Assembly and restoration. All that I am doing is reproducing those arrangements, and I think that it is entirely appropriate to do so.

Lady Hermon: I thank the Secretary of State for his helpful intervention. I just hope that those in the media who intend to reflect and comment on the body's proceedings will do better than they have in recent days by describing the new creature as "the Assembly".

Sir Patrick Cormack: Does not the Secretary of State's intervention underline the fact that the hon. Lady is wise to use the word "creature", because the new Assembly is in every sense the creature of the Secretary of the State? It is not legally elected. It is appointed by him. The Presiding Officer is appointed him. Although its Members will be the Members who were elected to the Assembly, the body that we are discussing is not the Assembly.

The Chairman: Order. I should not have to remind the hon. Gentleman that he should address the Chair. In not doing so, he also takes his voice off microphone, which is a complication for the *Official Report*.

Sir Patrick Cormack: I humbly apologise, Sir Alan.

Lady Hermon: I think that all contributions, in particular the comment by the Secretary of State, have been helpful.

I will move on, because I think we ought to—*[Interruption.]* If I am encouraged to move on quickly by a DUP Member, I will of course invite that Member to contribute to the debate.

Rev. Ian Paisley (North Antrim) (DUP): May I remind the hon. Lady that I was the first person to bring

the "creature" to the attention of the House? I called the Minister to attention and told him straight that it was not the old Assembly, but a new creature. The hon. Lady is not the only person to make that great finding. We all know that the body is not the old Assembly—it is not the old Assembly resurrected, even. It is a new body, designed by certain people who feel that this is the way they should go. We are going to take on board what they say and go away, but we will see how far we get.

Lady Hermon: I was not claiming to myself anything new. I was particularly pleased that yesterday, at the beginning of the Secretary of State's contribution on Second Reading, the right hon. Member for North Antrim (Rev. Ian Paisley) was quick off his feet to correct the Secretary of State, who had referred to the Assembly coming back. Lest there by any doubt whatever, I pay tribute to the right hon. Member for North Antrim for pointing out, quite rightly, that we are discussing a new body. I regret it if I suggested otherwise. That was not my intention.

However, the right hon. Gentleman does reinforce the need for amendments Nos. 21 and 22, which would christen the body a "Forum" rather than the "Assembly". I have referred to media reports giving the impression that the new institution—the new Assembly—is not a different institution. The two are being confused in the minds of the media, at least, but they are certainly not confused in the minds of the right hon. Gentleman, his colleagues, the Social Democratic and Labour party and the one Ulster Unionist.

The *Financial Times* for Thursday 27 April states:

"Mr Hain is recalling the province's assembly on 15 May."

The *Belfast Telegraph* for Wednesday 26 April states:

"The report"—

the Independent Monitoring Commission report—

"which says paramilitary activity is at a three-year low—seems likely to guarantee a smooth start to Assembly sittings in 18 days".

Again, that gives the impression that the new body is the old Assembly, which it clearly is not. That is why my amendments would call the new creature—with, I am sure, the endorsement of the right hon. Gentleman—a forum, or a talking shop, because that would be a more appropriate description than the confusing double title of the Assembly.

1.45 pm

Mr. Nigel Dodds (Belfast, North) (DUP): I know that the hon. Lady has gone to considerable lengths to prove the nature of the body. Has she looked at the provisions in paragraph 2 of schedule 2, which deals with making the restoration order and, if we so decide in this Assembly, the things that will be carried over to the Northern Ireland Assembly on restoration? In particular, sub-paragraph (8) provides that by virtue of the restoration order, things that have been done here, will be treated as having been done in the Northern Ireland Assembly.

Lady Hermon: I am most grateful to the hon. Gentleman for raising a good point. I have done some homework on schedule 2. He is right. As he will see when we reach a later group of amendments, I am particularly concerned about the pledges of office and, for example, the idea that

"the presiding officer of the Assembly immediately before the effective date shall be deemed to have been elected"

as the Presiding Officer of the new Northern Ireland Assembly. I am most taken aback by things that have been deemed to have been done in one place being carried over to the reconstituted Assembly, which I genuinely hope to see.

Rev. Ian Paisley: Is it not right to remember that the Presiding Officer of the Assembly was never elected by the Assembly? He was chosen by the powers that be, and that was never rectified or done away with. He just took his place and stayed there—and for far too long as far as I was concerned.

Lady Hermon: I hope I do not misrepresent the views expressed, but I take it that the DUP, and certainly its leader, would prefer to select the Presiding Officer as it is they who sit in the Assembly, rather than have a Presiding Officer nominated, appointed and swept into power. That is no criticism of the individual herself, but it is an appointment that has been made, and it will be deemed to take effect under the Bill by the Secretary of State. *[Interruption.]* I take it that that is an endorsement of my point.

If I could just move to amendment No. 26—

Mr. Gregory Campbell: Hear, hear.

Lady Hermon: I am delighted that the hon. Gentleman is so enthusiastic for me to move to the removal of the directions that can be given by the Secretary of State to conduct the proceedings of the Assembly.

Amendment No. 26 would remove paragraph 4 from schedule 1. It states:

"Proceedings are to be conducted in accordance with directions determined by the Secretary of State from time to time and notified to the presiding officer or any deputy presiding officer."

I hardly think any hon. Member would take exception to removing such wide Executive powers from the Secretary of State. I was reminded of words, wisely spoken, by the right hon. Member for North Antrim, and I am sure that I will find myself on his Christmas card list by the end of my comments. With reference to, I regret to say, the late Mo Mowlam, the right hon. Member for Redcar and then Secretary of State for Northern Ireland, he made a helpful statement as far back as 22 April 1998.

It was the leader of the DUP who said, with reference to standing orders:

"Who makes those standing orders? It is the Secretary of State, and if she does not like what is going on, she can change them at any time. Is that democracy?"

He continued:

"The Secretary of State could sit in her office and say, 'I don't like the way the assembly carried out its business yesterday. Here is a new order. Send that off to the Clerk and call them to order.'

[Lady Hermon]

Is that democracy? If hon. Members think that it is, let them vote for it, but the people of Northern Ireland are aghast."—[*Official Report*, 22 April 1998; Vol. 310, c. 874.]

I could not have put it better myself, if I may say so to the right hon. Member for North Antrim.

Rev. Ian Paisley: The hon. Lady should read more of *Hansard*.

Lady Hermon: I shall endeavour to do so. I do, of course, read the right hon. Gentleman's words in *Hansard*. I may not agree with half of what he says, but I thoroughly enjoy reading what he says. I therefore expect the DUP and certainly the right hon. Gentleman to support the removal of schedule 1, paragraph 4, which allows the Secretary of State to direct the proceedings of the Assembly. That is not acceptable in any democracy.

Moving on to the election of the Presiding Officer, under the Bill the Secretary of State has the opportunity, and he has taken the opportunity, to appoint a Presiding Officer. Schedule 1, paragraph 3 states:

"The Secretary of State may—

(a) appoint a presiding officer and no more than three deputy presiding officers, or

(b) authorise the Assembly"

to do so. I wish to remove the power of the Secretary of State to appoint a Presiding Officer and Deputies, and to ensure that that is the task of the 108 Assembly Members. That is what they are there for. According to section 39 of the 1998 Act, which, I repeat, is the constitution of Northern Ireland and sets out the governance of Northern Ireland,

"Each Assembly shall as its first business elect from among its members a Presiding Officer and deputies."

Let us see the 108 Assembly Members doing what they were elected to do when the proper Assembly is restored. Any Presiding Officer should have the cross-community support of the House.

Finally, I shall speak to amendments Nos. 16 and 17 relating to the election of the First and Deputy First Ministers. Amendment No. 16 would ensure that

"Each candidate for either office"—

that is, the First Minister and Deputy First Minister—

"must stand for election jointly with a candidate for the other office."

Amendment No. 17 reads:

"Two candidates standing jointly for the purposes of an election under subsection (1)(a) above shall not be elected to the two offices without the support of—

(a) a majority of the members voting in the election,

(b) a majority of the designated Nationalists voting, and

(c) a majority of the designated Unionists voting."

I wish to see that written into the Bill.

I was delighted to receive a draft copy of the standing orders, which arrived in my office this morning. Before the Bill has seen much daylight and before it has been seen or discussed in the other place, it is rather unusual procedure that the Secretary of State has already sent out draft standing orders for consultation. I wonder where the authority came from for him to do so.

I was pleased that on page 8 of those draft standing orders, it is proposed by the Secretary of State that

"Each candidate for either office must stand for election jointly with a candidate for the other office",

and that

"Two candidates standing jointly shall not be elected to the offices without the support of a majority of the members voting in the election, a majority of designated Nationalists voting and a majority of the designated Unionists voting."

That is from paragraph 17 of the draft standing orders. Either the Secretary of State had the benefit of seeing my amendments, or great minds might, on occasion, think alike.

Mr. Clifton-Brown: On a point of order, Sir Michael. I understood that it was a convention of the House that if the Government sent out papers that were to be discussed in a debate, those papers should be available to the whole Committee. As far as I am aware, the papers are not available in the Vote Office or on the Table of the House. Could you ask the Minister to make them available as soon as possible so that we can benefit from them in the debate?

The Second Deputy Chairman of Ways and Means (Sir Michael Lord): I am not clear which papers the hon. Gentleman means.

Sir Patrick Cormack: Those from which the hon. Member for North Down (Lady Hermon) quoted.

Mr. Clifton-Brown: The draft standing orders of the Assembly.

The Second Deputy Chairman: No doubt the Minister has heard the request.

Mr. Hain: I am grateful, Mr. Lord. [HON. MEMBERS: "Sir Michael."] I am grateful, Sir Michael, and apologise for that discourtesy. I circulated the draft standing orders in good faith to all Members of the Legislative Assembly and made it clear in my statement last week that I intended to do that on publication, which the hon. Member for Cotswold (Mr. Clifton-Brown) may not have heard. I am happy to make them available to him or to anybody else. No disrespect was intended to anybody. A copy is available in the Library.

The Second Deputy Chairman: Order. I trust that that adequately deals with the point of order, and that there is no reason for us to interrupt our business because of it.

Lembit Öpik (Montgomeryshire) (LD): I begin by speaking to amendment No. 4, which stands in my name and that of my hon. Friend the Member for Argyll and Bute (Mr. Reid) and is a probing amendment. It is linked to amendment No. 5, in that it deals with the extent to which the Assembly can decide matters for itself. We are curious about the phrase

"in such manner as the Secretary of State may specify."

Does that mean that the Assembly will be able to choose a Presiding Officer or deputies not of the Secretary of State's choosing if it so wishes, or will the Assembly be able only to confirm the Secretary of State's choices? That is important.

I think I can say without fear of contradiction that the previous Speaker was universally admired and respected—I see a smile leaking from those on the DUP Benches—and he did not stay long enough, but he has gone now. I pay tribute in advance to Eileen Bell, who I think will be a superb Presiding Officer, but if the Assembly wanted to change that appointment—I hope it would not—would it have the capacity to do so? I hope that the Minister will be able to answer that question.

Amendments Nos. 7 and 8 were tabled by the SDLP. "Command Paper 3883", as we know, is the Good Friday agreement. I am slightly concerned that the aim behind the amendments might be to ensure that no changes are made to the operation of the Assembly and the Good Friday agreement.

It is recognised that there have been difficulties in the operation of certain aspects of the agreement. Perhaps the most obvious of those was the use of designations. Who can forget the fiasco of autumn 2001, when members of the Alliance party had to pretend to be Unionists for five minutes in order to facilitate the election of a First and Deputy First Minister? That occurred despite the fact that over 70 per cent. of Assembly Members voted for David Trimble and the hon. Member for Foyle (Mark Durkan) to take up those positions. That is fundamentally wrong. If the amendments would prevent a change, they would enshrine some rather bad practice.

Mark Durkan *rose—*

Lembit Öpik: If the hon. Gentleman wishes to intervene to clarify that point, I shall be happy to give way.

Mark Durkan: I wish the amendments, if they are made, would have the effect of preventing any changes. They would not. The Secretary of State told us earlier that much of the Bill reproduces much of what was in the Northern Ireland (Elections) Act 1998, and the amendment does the same: it reproduces a provision that was in the original Act.

Lembit Öpik: It reproduces some of the flaws, too.

Rev. Ian Paisley: Will the hon. Gentleman comment on the fact that when the Deputy First Minister resigned, his resignation was mentioned at the Dispatch Box, and eulogies were offered. The then Secretary of State discovered that he had not resigned at all, and his motor car, free phone and all his servants had to be reinstated. That was approved by the House, and anyone who voted against it was regarded as a leper.

2 pm

Lembit Öpik: The right hon. Gentleman makes a self-contained point, and we hear him loud and clear. His youthful exuberance is a delight in these debates and his impish cheekiness lifts everyone's spirits. I hope he will retain those characteristics as he matures.

To return to past mistakes, the Bill provided an opportunity to solve the problem of designation, which, I accept, was proposed as a way of ensuring cross-community consent. However, it contributes to the reinforcement of sectarian divisions. A system of designation presumes that everyone fits neatly into a category, but it ignores pluralism and means that the votes of people representing cross-community parties do not have the same value as those of Unionists and nationalists. That basic lack of equality is contrary to the spirit of the original agreement, and to the spirit of European anti-discrimination standards. It is quite wrong that the votes of Assembly Members who refuse to subscribe to the sectarian labels of "Unionist" or "nationalist" count for less than those of Members who accept those titles. I am therefore concerned lest we enshrine previous bad practice in the Bill by accepting amendments Nos. 7 and 8.

Amendment No. 16 appears to have been tabled to avoid the problem of voting separately for a First Minister and a Deputy First Minister—an arrangement that means, for example, that some parties would actively have to vote for a Sinn Fein candidate. I do not know whether that was the explicit intention of the hon. Member for North Down (Lady Hermon), but I do not have any difficulty with her proposal. To be honest, I would prefer Ministers to be endorsed collectively, rather than individually, because that reinforces the belief that they should work together.

Amendment No. 17 deals with the age-old problem of deciding how individuals should be elected to office. We have still not got to grips with that problem, which is not just about redesignation. The Secretary of State may wish to explain why 70 per cent. of all Assembly Members can vote for a candidate, yet for that candidate not to be elected.

The hon. Member for North Down sensibly pointed out the difference between a forum and an assembly, thus highlighting the inevitable confusion caused by using the same word for both. The Government have gone form on this issue. The Secretary of State is also the Secretary of State for Wales, so he will remember a recent debate on the Government of Wales Bill. I tabled an amendment proposing that we call the Welsh Assembly "the Welsh Senedd", but the Government rejected it, because they argued that the building in which the Assembly operates is a Senedd, so it would be confusing to call the Assembly the same thing. They appear to have taken exactly the opposite view in the Northern Ireland Bill, and have decided to use one word, for two things that are clearly not the same.

Mr. Hain: That was not the reason that we refused the hon. Gentleman's amendment. The translation of the Welsh word, "Senedd", is "Parliament", but Westminster is the Parliament. There is no Parliament in Wales—there is the Assembly.

Lembit Öpik: The right hon. Gentleman was not present for the entire debate, but one of the arguments against calling the Assembly "the Senedd" was that people would be confused. That is on the record for everyone to see. There is no question but that the use of the word "Assembly" in the Bill will cause confusion, as that has already happened in the press. The Government should take a long, hard look at the problem. It may be their political intention to make the body look, feel and sound like an assembly to persuade individuals that the transition is not a great one. I am agnostic about that, but I feel very strongly

[Lembit Öpik]

that the Secretary of State should explain why the Government are willing to countenance confusion between the new creature and the original body that was set up and called "the Assembly".

I support amendment No. 26. This morning, the House of Lords Select Committee on Delegated Powers and Regulatory Reform published its 18th report, which considered the Bill. It drew attention to paragraph 4 of schedule 1 and the power that it gives the Secretary of State to determine the conduct of the Assembly's proceedings:

"These directions may contain provisions of a substantive and not just a procedural nature. For example, they may include requirements as to the majority required for election. Although the bill does not prescribe what, if any, directions must be given in this respect, paragraph 4(3) and (4) of schedule 1 specifies that a particular use of the power may be to require provision corresponding to sections 16 and 18 of the Northern Ireland act 1998, which set out the majorities required in elections, and the formula for filling ministerial offices, under that Act."

It concludes:

"We draw to the attention of the House the significance of the power to give directions so that Ministers may, if the House thinks fit, be asked for a fuller explanation of the intended use."

We would like the Secretary of State to comment on what the power will be used for. We are concerned that he has taken the power upon himself, and will not allow the Assembly to decide these matters for itself—a point that we made, albeit less emphatically, in amendment No. 4. Why can the Assembly not decide those matters for itself? The matter has invited comment from the Delegated Powers and Regulatory Reform Committee, so I hope that the Secretary of State can provide a cohesive reply.

I found amendment No. 7 entertaining, as it deals with parliamentary privilege and makes the preposterous assumption that one can prove an exemption for malice. I hope that the Secretary of State will explain why on earth the Bill includes such a fatuous provision.

Mark Durkan: I think that the hon. Gentleman means amendment No. 27, not amendment. No. 7.

Lembit Öpik: The hon. Gentleman is right, and I am grateful for the correction.

I do not believe that the provision would have any efficacy in a court of law. It is a moot point, but the Bill does not stand or fall on it. I am not persuaded, however, that there is a coherent reason for the inclusion of a provision that rather offensively suggests that, although it is not the case for any other political body in the United Kingdom, there is a particular opportunity and likelihood of malice in Northern Ireland. In my experience, Northern Irish politicians are some of the most generous-hearted and loving people one could hope to meet, so planning for such a failure is an offence to right hon. and hon. Members from Northern Ireland.

Finally, I rather like amendment No. 6, which gives the Assembly the ability to discuss, and have an input into, Orders in Council that are made in Parliament between 15 May, when the Assembly is recalled, and any such time that a restoration order is made to restore devolved powers to the Assembly.

I think that that is the right thing to do. Assembly Members should be able to have proper input into matters affecting people in Northern Ireland, for which the Assembly will ultimately be responsible and with which—significantly—Assembly Members will be elected to deal.

The amendment would solve an ongoing problem that the Government accept is real. The problem is that the Orders in Council process is simply an unacceptable way to govern the Province. The amendment would also give the Assembly authority to have real decision-making input on matters that are part of its governing role, but we must be careful to stipulate that its provisions should not apply for ever. Despite Government assurances, if that happens there is a risk that deadlines will slip and that we will end up with a new and semi-operational Assembly that runs in the slightly ad hoc way that has been described.

I shall be somewhat concerned if the Minister chooses to reject the amendment, as the cross-party support for it is evident. The SDLP, the DUP and the Liberal Democrats support it, and I imagine that the Conservatives will be sympathetic to it—

Sir Patrick Cormack: Of course.

Lembit Öpik: I am now certain that the Conservatives support the amendment. Unfortunately, Sinn Fein Members have not been able to make it here today, but I am sure that they would do so too. The Government are always looking for consensus, and they have it with this amendment. They should respond by accepting it, or at least by tabling an amendment in their own words on Report that would achieve the same thing.

Will the Secretary of State say what damage could possibly be done by explicitly including the Assembly—or the forum, if that is the preferred name for the body—in the decision-making process in respect of Orders in Council? That would relieve some of the pressure that all of us feel when it comes to the inability to amend legislation, and it would also give the Assembly the sort of real responsibilities that we all agree would be helpful.

Mr. Hain: I shall give a more detailed response when I reply to the debate, but I want to point out that there was no cross-party support for the proposal at all. If there had been, I do not think that all the parties would be ready to turn up on 15 May to take part in what I think will be a positive spirit.

Lembit Öpik: I suspect that the Secretary of State will find that there has been a degree of movement on this matter. From the interventions made during the debate so far, I get the sense that there is cross-party support for the amendment, or for something like it. I look forward to hearing what other hon. Members have to say, but I hope that if the proposal does enjoy cross-party support—

Mr. Hain: There is no cross-party support for it.

Lembit Öpik: From a sedentary position, the right hon. Gentleman says that there is no cross-party support for the proposal, but I was going to make a

different point. If it turns out that there is cross-party support for it, I hope that the Secretary of State will consider the amendment seriously.

Mark Durkan: The Secretary of State intervened to say that the proposal did not have cross-party support. However, the DUP and the UUP seem to support it, and my party clearly supports it, as it is our amendment. The absence of cross-party support seems to be down to Sinn Fein, yet the right hon. Gentleman has said that the outcome of the review of public administration must be that we get seven super-councils. That outcome does not have cross-community support, but is supported only by Sinn Fein. That is a paradox that the Secretary of State cannot explain.

Lembit Öpik: What the hon. Gentleman says reminds me that cross-party support was not a big consideration in the introduction of water charges or of student loans and tuition fees: both were opposed unanimously, even by Sinn Fein.

Mr. Clifton-Brown: The hon. Gentleman is trying to build consensus, which is what the whole process is about. As someone elected to an English constituency, perhaps I am able to raise this question: does he agree that the Bill should be about giving more trust to the elected Members of the Assembly? Might not it be possible for the Secretary of State to consider allowing some of the Bill's more pernicious provisions—such as those to do with Standing Orders and how the leader of the Assembly is elected—to be amended by them?

Lembit Öpik: That is a fair point. I would go so far as to say that Members of the reconstituted Assembly might be justified in feeling slightly patronised. They are being expected to work towards achieving an operational Assembly, but they are not going to be able to get actively involved in the decision-making loop for legislation that will be going through when the Assembly is operating.

The Government would not lose anything by accepting the amendment. The hon. Member for Foyle has underlined the fact that there has been some movement. A common-sense position has been achieved, with which all the parties from Northern Ireland represented in this Chamber seem to agree.

I hope that the Secretary of State does not say that Sinn Fein has a veto on the proposal, as that would be very unhelpful. I am sure that he would accept that the fact that the SDLP, the UUP and the DUP all agree that the proposal is a good idea—subject to some consultation with the Alliance, Sinn Fein and others—is a good reason to consider accepting it. Anything else would suggest that the Assembly was being set up to do what he wants, and that it will not be allowed to do what it and the people of Northern Ireland want—that is, to make important decisions and have an input into the feedback loop.

2.15 pm

The Minister of State has placed great store in having a constructive dialogue about how we can do things better than we do under the Order-in-Council process. I shall be interested to hear what the Secretary of State has to say, after he has reflected on the fact that we seem to have moved from a position where there was no support for the amendment to one where the key players in the debate and in Northern Ireland politics all agree that it would be sensible.

Rev. Ian Paisley: It is hard for the people of Northern Ireland to understand exactly what the Government are about. The Government's statements should contain greater clarity about their real intentions.

I regret that this debate began with the leader of the SDLP trying to put blame on certain parties. He suggested that the DUP was going into the Assembly with the aim of ensuring that it is broken up and brought to an end on 26 November. That is not my brand of politics. Down the years, I have attended all the talks to which I have been invited. I was not invited to some of them and my party was treated as a leper, but we always attended—and made our case as strongly as we could—when we were invited.

I have no intention of taking my party to the Assembly in order to get the Assembly shut down on 26 November, but the leader of the SDLP missed the point completely. Yesterday, it was accepted on both sides of the House that all parties involved in the talks must agree on the question of democracy. We cannot have people at those talks who want to be members of the Government of Northern Ireland yet stick to their terrorism or to their criminal practices.

That was set out firmly yesterday and it was endorsed by the Secretary of State, who agreed that that must be the keystone to the Assembly. However, if that keystone is not put in place, we cannot enter into discussions with people who have made it known that they are not prepared to be there on the same conditions as everyone else. I resent the suggestion by the leader of the SDLP that the DUP will join the Assembly to get it closed down.

The people who will close down the Assembly will be the ones who do not accept the rules, which are straight and plain—everyone should accept that the Assembly will be a democracy and that Northern Ireland will be ruled like any other part of the UK. Terrorists, those who advocate terrorism and those who are engaged in criminality will not be able to take office. If they are elected by their people, that is all well and good, but they will not be able to hold office until they keep to the rules. If we do not make that clear, we might as well all pack up today. That point must be spelled out over and over again, although one would have thought that it would be taken as read in this United Kingdom.

I resent the suggestion by the SDLP leader that we would be happy to close down the Assembly. This is not about satisfying a particular party; this is about seeking to obtain satisfaction for everyone who is dedicated to democracy. As I have said, I want to see everyone in Northern Ireland enjoying the same privileges, rights, freedoms and enjoyment of democracy as me. That is what we must aim for.

Many aspects of the Assembly are strange. The Standing Orders of the Assembly when it was brought into being were very similar to these orders. In fact, I accuse the Secretary of State of copying those orders, which the UUP and others accepted, so he has reproduced what was foisted on us. A new creature may

[Rev. Ian Paisley]

be being formed, but its orders are almost identical to the previous ones. I have not had time to examine the orders because I am awaiting a report from the fellow who is supposed to work for me, but it will be interesting to see the comparison. I note that the Secretary of State is not holding up his hand in the confessional box and confessing that the orders are new.

Mr. Hain: I am not sure whether the right hon. Gentleman allows confessions in his church, but I happily confess that he is right that the orders are similar to the previous ones.

Rev. Ian Paisley: I believe in confession but I do not believe in absolution, so I cannot absolve the right hon. Gentleman, which would probably take a very long time, but that is a matter for another debate on another day.

We must face up to the fact that the sooner the people of Northern Ireland and their elected representatives meet with the common purpose of building on a democratic foundation, the sooner we will make progress. If that were to happen, we could make rapid progress.

In the Tea Room today, someone said to me, "You seemed to be in good form yesterday." I replied, "I certainly was, because I believe that yesterday we were striking a note that needed to be struck." I am going into the Assembly with my party to seek with all my strength to get it built on a firm democratic foundation. If we do that, there will be success.

Sir Patrick Cormack: I am sure that all hon. Members echo the words of the right hon. Gentleman. We all hope that there will be a secure democratic foundation and that the proper Assembly can come into being again and exercise its proper functions.

I welcome the fact that the Secretary of State is going to reply to this debate, because he must face up to a number of important facts. He knows that I would not question his good intentions or his personal integrity because I have considerable admiration for the Secretary of State and we have enjoyed a cordial relationship in various capacities in this House. However, he must recognise that he is taking to himself the most enormous powers in this Bill. Whether he aspires to the feathered hat of the pro-consul, or whether he aspires to the uniform of the commissar, he is taking powers that any pro-consul or commissar would be extremely pleased to have.

For a start, the Secretary of State is appointing every member of the body. I support the suggestion from the hon. Member for North Down (Lady Hermon) that it would be clearer and therefore more honest to call the body something other than "the Assembly"—"the forum" would be fine. Although it will consist of the members who were elected to the Assembly, it is not the Assembly—it is the Secretary of State's creature, and he is giving himself powers to direct how it shall perform, who shall preside over it and what it shall do. He is also reserving powers to say that if he does not like what happens, he can tell the Assembly to do other things.

Three democratic parties from Northern Ireland are represented in this House and their credentials are beyond question. I accept that the DUP, the SDLP and the UUP genuinely want the Assembly to succeed, so it is important to take account of what they say. As the hon. Member for Montgomeryshire (Lembit Öpik) has said, the amendments contain a remarkable degree of agreement between the three parties.

There is a perception that the Secretary of State and the Government as a whole pay more attention to the party that is not here than to the parties that are. I hope that the Secretary of State is listening because the point is very important—when the Whip has stopped talking to him, he can listen. There is a perception that the party that is not here is more highly regarded and taken greater account of than the parties that are. I am not saying that that is the case; I am saying that that is the perception.

The Secretary of State must make it abundantly clear in what he says today and in the extremely sensitive talks that will take place in the coming weeks that those who play by the rules—the DUP, the SDLP and the UUP—have a special position which the others can have, if they want it. All the others have to do is what we said yesterday during what was, as the right hon. Member for North Antrim (Rev. Ian Paisley) has said, an extremely constructive Second Reading debate.

There was very little disagreement yesterday. There was a unity of desire to see a proper Assembly functioning properly with all its elected Members and a recognition that, in order for that to happen, Sinn Fein has to play by the rules and show that it is so doing. We all welcomed the report by the Independent Monitoring Commission. Everyone, including the right hon. Member for North Antrim and his deputy, the hon. Member for Belfast, East (Mr. Robinson), recognised that there has been real progress, but underlined the continuing, disturbing involvement in criminality among some of those in Sinn Fein that puts in question its aspirations towards democratic credentials.

2.30 pm

I hope that the Secretary of State will address those points full on when he deals with the substance of the amendments. As he does so, will he explain why he cannot heed the unity of view between the three Northern Ireland parties represented here on the subject of Orders in Council? The hon. Member for Montgomeryshire made that point effectively, persuasively and, if I may say so, persistently, and he was right to do so.

The months between May and November will be vital if we are to reach agreement and move forward. I hope for a long period when there will be no disruption of the Assembly, Assembly will follow Assembly, and people in Northern Ireland with political aspirations, whether Unionist or nationalist, will stand for it, be elected to it and work within it. Having called this creature into being, I ask the Secretary of State to trust it and not to do things in this House that take away from it some of the difficult and crucial decisions with which it, and it alone, should grapple.

The Assembly must have red meat—real issues to deal with—and be able to show the people of Northern Ireland that they can trust it. We are all disturbed about

the percentage of people who vote in elections. If they are to vote for the Assembly in large numbers, it must have real power to deal with big issues such as the structure of local government in Northern Ireland. That was mentioned by many Members yesterday and again today by the hon. Member for Foyle (Mark Durkan), who made some extremely good points. The current structure of local government in Northern Ireland is not welcomed by anybody. Twenty-six local authorities are far too many at a time when there is a proliferation of other bodies. However, in lighting upon the figure of seven, which is supported only by the party that is not represented here, the Government are creating unpopularity and difficulty for themselves.

I beg the Secretary of State to go gently on this until November, so that the Assembly can determine whether the number should be seven, nine or whatever. We are fully agreed that it should be substantially fewer than 26, but let it be a figure that commands support across the board in Northern Ireland, so that the right hon. Member for North Antrim and the hon. Members for Foyle and for North Down and others can all say, "Yes, we recognise this, we want to work with it, and we want it to be the framework for our local government for coming generations."

Mr. Clifton-Brown: My hon. Friend is making a thoughtful and powerful speech. He has put his finger on the key point—that it is a question of trust. The Secretary of State is asking the parties represented here to trust the peace process. Should not he in turn trust Assembly Members to shape their own future?

Sir Patrick Cormack: Of course. Trust must be reciprocal and indivisible. The Secretary of State is saying to the House, "Trust me"—and, on a personal level, I do. I therefore say to him, "Trust the people of Northern Ireland", as represented by active and vigorous Members of Parliament who have all proclaimed their dedication to a proper Assembly. I ask him not to make irreversible changes to the structure of Northern Ireland and the fabric of its society before the Assembly has come into being. If the Assembly does not come into being, that is a different story, but let us have at least until November before irrevocable decisions are set in stone in Northern Ireland.

A proud people in a beautiful part of the United Kingdom care passionately—even though they do not always agree—about the education system and the shape and framework of local government. Although many things about Northern Ireland are not normal and there are many things that some of us do not like, we cannot question the deep intensity of local patriotism, which is admirable and must be harnessed to a productive future. I know that the Secretary of State has a regard for the people of Northern Ireland. I ask him to show it by treading softly when he insists on what the House passes in the coming months.

I hope that the Secretary of State will touch on the small but important point that the hon. Member for Montgomeryshire made about parliamentary privilege, which is again part and parcel of trust. We know how difficult it is to prove malice. How can I prove the innermost thoughts of the right hon. Member for North Antrim or of my hon. Friend the Member for Cotswold (Mr. Clifton-Brown), who may think that I am going on inordinately at the moment?

Mr. Clifton-Brown: No, of course not.

Sir Patrick Cormack: I am delighted. However, how do I know what anybody else thinks? How do I know what motivates people? I have to trust people. Just as I would trust the Secretary of State, I ask him not to shackle the privilege of those who meet in forum or conclave and what they can say to and about each other.

I said yesterday that the task in Northern Ireland—it is a joint task—is to make hatred history. We have spoken much about making poverty history recently, and that is good. To make hatred history, we have to work together. That requires a great deal of sacrifice, especially by those who have suffered. The communities represented by Northern Ireland Members on the other side of the House have suffered; those represented by Northern Ireland Members on my left have suffered enormously. Those who are not here but could be present to argue their cause have inflicted much of that suffering. They have not expressed remorse for doing so. We are going to have to draw a line without that expression of remorse, and that is quite a task.

I, too, have lost close friends and colleagues as a result of the troubles, as we all have on this side of the House. Those men were popular across the House. If we are to begin to create the climate for a new era of trust, it is incumbent on the Secretary of State to be cautious about what he pushes through Westminster in the next six months. He should devote his time almost exclusively to Northern Ireland. I am sure that the people of Wales will not mind. He knows that I do not like the dual mandate that he holds, although that is not his fault.

Let us use the Bill as a launching pad for the true democracy that the people of Northern Ireland richly deserve.

Mr. Peter Robinson: I want to comment on one or two amendments in the group. I agree with the comments of the hon. Member for South Staffordshire (Sir Patrick Cormack) about amendment No. 6. In the Democratic Unionist party document, "Facing Reality", which preceded the Government's initiative, we stated clearly that we wanted an Assembly that would exercise the maximum power and responsibility that was consistent with the circumstances. We never advocated a talking shop. Indeed, we put forward in the document a number of options to be considered by the political parties in Northern Ireland, one of which was legislative devolution. That option would still have allowed the executive functions to be performed by the direct-rule Ministers, while allowing legislative rule by the Assembly. The proposal by the SDLP is a small gesture in that direction, but it is none the less a helpful suggestion, and my party colleagues and I are quite happy to support it. Indeed, the Secretary of State and Her Majesty's Government will start to lose credibility if they turn down a reasonable proposal that is supported by all those who are prepared to speak in this House on behalf of the electorate in Northern Ireland.

What is the Government's purpose? I had assumed that it was to establish cross-community support in Northern Ireland and to encourage the political parties

[Mr. Peter Robinson]

to reach agreements. Here we have an agreement, however small it might be, yet the Secretary of State has not, as yet, indicated his willingness to accept this small step forward. He must relinquish some of his control and power, because the tendency, as illustrated by the Bill, is that he is seeking to draw more and more power to himself. That is not a good example for the politicians of Northern Ireland to be set by a Government who say that they want to devolve and cast off their powers. Here we have an all-party agreement among all the members from Northern Ireland in this House, yet the Secretary of State still appears to want to resist it. I hope that he will reconsider his position on these matters. As the hon. Member for South Staffordshire has suggested, the Secretary of State could review the situation when we reach 24 November. It need not be set in stone for all time.

The purpose of this Assembly is that it will be a transitional Assembly that will move towards full executive devolution. This measure seems to be a very adequate way of performing that task.

Sammy Wilson: Given the filters in amendment No. 6—including the requirement for cross-community support, and the provision that the Secretary of State would still have powers to make urgent orders without reference to the Assembly—does my hon. Friend agree that this is in fact a very modest proposal? Surely the Secretary of State should have no difficulty in accepting it.

Mr. Robinson: My hon. Friend makes a powerful argument. I hope that, as the Secretary of State has been considering these matters, he will have been swayed by the arguments that have been presented from both sides of the House on this matter.

A number of issues were raised during this short debate that bring two words to mind: "mountains" and "molehills". We are at times inclined to get into the minutiae to such an extent that we lose track of the key issues.

Let me deal with the issue of the Assembly and the Northern Ireland Assembly. This is not a new issue; we faced it in 1998. We are talking about a transitional Assembly that will move from its present structures and powers towards a creation that we hope will eventually have full executive authority. The Ulster Unionist party did not oppose such a metamorphosis in 1998, and I am surprised that it is opposing it today. The words used to describe the body—be it "assembly" or "forum"—are pretty meaningless in reality. It is the Assembly. It is not the Northern Ireland Assembly as set up under the 1998 legislation. It has a specific role that would take it seamlessly from its existence under this Bill to an existence that we hope it will have under an amended version of the 1998 Act, given that that legislation will have to be amended.

2.45 pm

Indeed, the seamless transition is detailed in the Bill, in that certain powers automatically given to this Assembly will be given, without any further action, to the new Assembly that follows it—for instance, in relation to the Presiding Officer's position, the enrolment process for Assembly Members and their designation, and decisions taken in relation to the First and Deputy First Minister and other Executive positions. By being taken by this body, those powers will automatically get taken by the new Northern Ireland Assembly under, I hope, an amended 1998 Act. We are talking about a transitional Assembly, and I suppose that putting the word "transitional" in the title might have made its intention and purpose clearer.

I do not think that the terms used in the Bill do great violence to the overall position and future of Northern Ireland. Certainly, I am not greatly exercised about what the body is called. We all know what it is intended to do, and what its purpose is to be. I simply hope that the public will be more concerned with what the Assembly does than with what it is called. If the Members of that Assembly do a job that gets the favour of the community in Northern Ireland, they will worry little whether it might be confused with some other body that has been in suspension for a long period.

Lady Hermon: Will the hon. Gentleman outline for the benefit of us all exactly what he anticipates this new Assembly doing that will charm and impress the people of Northern Ireland?

Mr. Robinson: Members of the Democratic Unionist party are certainly committed to using every platform that that Assembly will provide to speak on behalf of the people of Northern Ireland, and to test the Secretary of State in terms of agreements that we can reach with others on key matters relating to education, the review of public administration, rating and the economy in general. We will speak on behalf of the people of Northern Ireland, and the people of Northern Ireland want us to have that voice. More than that, they want the Government to heed that voice. For that reason, the Secretary of State could go a long way to add to the importance and vitality of that Assembly were he willing to accept the amendment tabled by the SDLP.

Lembit Öpik: Does the hon. Gentleman agree that, if he is at all worried about getting permission from the decision makers, he could phone Sinn Fein and get its permission, because it would probably also like to have those powers? Whatever other differences there are, I have little doubt that Sinn Fein could see the benefits of having those powers bestowed on this interim Assembly.

Mr. Robinson: I will leave it to the hon. Gentleman to speak on behalf of Sinn Fein. I will certainly not attempt to do so. I simply know that the people of Northern Ireland want to have real decisions taken within that Assembly. They want it to have as much power as is possible. If it is not possible immediately to have an Executive set up, the Members of that Assembly should press the Secretary of State to divest himself of some of the powers that this legislation gives him, and to devolve some of those powers in whatever way is possible, whether through a corporate Assembly, legislative devolution or administration devolution, to the elected representatives of the people of Northern Ireland.

On privilege, again, I have difficulty with the position of the hon. Member for North Down (Lady Hermon). First, the terms are almost identical to those in 1998. Far

from opposing the position in 1998, her party supported it. Therefore, what the Government are doing in relation to the privilege of the Assembly has consistency. Having discovered that, I think that she decided to see whether she could find some more secure ground, and became a defender of the media and the press—not always a popular position among politicians, but then she cannot be accused of always taking popular positions. I do not think, however, that the press have anything to fear. The Secretary of State may tell the hon. Lady and me whether this is indeed the case, but according to my reading of the legislation the statement, not the Member, is covered by privilege. If the statement is reported, it is covered by privilege, and the media are therefore entitled to publish it. The media will be covered in exactly the same way as the Member, because it is the statement that enjoys the privilege.

As the hon. Lady said, the privilege is not the full privilege enjoyed by the House of Commons and the Northern Ireland Assembly created under the 1998 Act, but I do not believe that the distinction will have any real implications for Assembly Members or for the press. I agree with those who have said that it will be very difficult for anyone to prove malice in the courts. Indeed, I am not entirely sure whether it is right, if a Member uses—or abuses—privilege and attempts, with malice, to damage and defame individuals, for even this House to confer such a degree of privilege.

I have used the privilege of this House on many occasions. I have named individuals, and made clear what information I have had about the activities of those individuals. However, I have never done that with malice. I have done it because I have believed it to be in the public interest, and have believed my facts to be accurate. If any Member stands up in the Northern Ireland Assembly and, with malice, determines to "out" or defame someone, I am not sure that that Member should enjoy the privilege of the Assembly—but I repeat yet again that it will not be the full-blown Assembly in which, normally, robust exchanges would take place that might require the exercise of that privilege.

As a party that is always very careful about what it says and would not seek to stretch the bounds of privilege, my party has nothing to fear. I hope that the hon. Lady's remarks are not a harbinger of something from which some of her Assembly colleagues may need protection.

Lady Hermon: I cannot possibly speak for my Assembly colleagues. I could not tie their hands or gag them, for that matter. I have never been able to do so in the past, and I shall not be able to do so in the future.

Does the hon. Gentleman accept that there is a distinction to be drawn? According to paragraph 6 of schedule 1, only a

"written or oral statement made by a member"

will be covered by limited privilege in this new creature, the Assembly. The key word that is missing is "publication": no privilege will attach to publication of a statement made by a Member of the Assembly.

Mr. Robinson: The statement is covered by privilege, whether it is heard directly, heard through transmission or read in newspapers. If that is not the case, the Secretary of State ought to tell us, or at least tell the media, but according to my everyday understanding of the language, the statement is covered irrespective of whether it is repeated by a Member or by the press, and therefore no action can be taken against either.

Mr. Clifton-Brown: I wonder whether the hon. Gentleman ought to give some credence to what has been said by the hon. Member for North Down (Lady Hermon). Section 50(1) of the Northern Ireland Act 1998 is very clear about the position that obtained before that date. It states:

"For the purposes of the law of defamation, absolute privilege shall attach to—

(a) the making of a statement in proceedings of the Assembly; and

(b) the publication of a statement under the Assembly's authority."

I am not sure whether schedule 1 would cover publication, and I think that we need clarification from the Secretary of State. Furthermore, the hon. Gentleman will doubtless agree that lawyers who do not want statements to be covered by privilege will try to argue that they are made maliciously. As drafted, this provision could lead to considerable arguments and put the leader of the Assembly in a difficult position.

Mr. Robinson: I suspect that the person who made the statement would be in a difficult position, rather than the Assembly's Presiding Officer. I assume that the section that the hon. Gentleman quoted from is from the 1998 Act.

Mr. Clifton-Brown *indicated assent.*

Mr. Robinson: Therefore, under it, both the publication and the person to whom the remarks are attributed are covered by full privilege; however, the Bill establishes that they will not be so covered. Privilege will be qualified, in that such a statement must have been made without malice; alternatively, it must be impossible to prove that it has been made with malice.

There are two further issues on which I want to comment, the first of which is the powers of the Secretary of State. I said to the hon. Member for North Down in the House yesterday that I concurred with many of her misgivings about the storing up of more and more power—indeed, unfettered power—in the Secretary of State. Effectively, in many instances he can do what he thinks fit, which is clearly a cause for concern. However, the difficulty is that although the hon. Lady has taken away such responsibilities from the Secretary of State through her amendment, she has given them to no one else.

That takes us back to the question of why the Secretary of State is setting up "the Assembly", rather than "the Northern Ireland Assembly". Had he detailed all such responsibilities and designated them to various individuals, or groups of individuals, in effect he would have been amending the entire 1998 Act. I would not have worried greatly about amending the 1998 Act, but I suspect that there are some people sitting behind the Minister who would not be too keen on doing so.

Of course, the reality is that the jobs that the Secretary of State has been given the power to perform under the Bill have to be performed. If we are to remove his

[Mr. Robinson]

responsibility for performing them, we must also amend the Bill to give that responsibility to the Assembly or someone else. That is the deficiency in the amendment tabled by the hon. Member for North Down, but I concur with her view that the Secretary of State is taking far too much on to himself. It would show greater faith in the elected representatives of Northern Ireland if he vested some of that responsibility in the Assembly itself.

I turn finally to the election of the Presiding Officer. The wording in paragraph 2(6) of schedule 2 is clumsy and unusual, even if it is not such that I would oppose it outright. I do not like the idea of somebody appointed by a Secretary of State being

"deemed to have been elected".

The Secretary of State is not the Northern Ireland electorate—he does not have the power to elect anybody in Northern Ireland. He can appoint, and I would have been quite content for him to make the "appointment", and for it to stand until the Northern Ireland Assembly itself elected someone. Paragraph 2(6) of schedule 2 states:

"The person who is presiding officer of the Assembly immediately before the effective date"—

the Secretary of State's appointee—

"shall be deemed to have been elected as Presiding Officer of the Northern Ireland Assembly under section 39(1) of the 1998 Act".

3 pm

I hope that that will not be an issue. I would far rather that the Assembly met and elected its own Presiding Officer or Speaker. That would be an indication of the maturity of the Assembly and its ability to reach agreement. Indeed, if it could not reach agreement on such issues, one must question whether it would reach agreement on some of the greater issues that it will face. I hope that it does not become an issue, but I do not like the idea that the Secretary of State can be deemed to have elected a Presiding Officer for the Assembly. In reality, the person concerned will be the Secretary of State's appointee and, with due respect to the Secretary of State, will have less authority as an appointee than if elected by the Assembly as its Speaker.

I hope that the Assembly will elect a Speaker, but I am concerned by the terminology in the legislation. It suggests that the Secretary of State can allow the Assembly to elect its Speaker, but it does not have the power to do so until such time as it reverts to Northern Ireland Assembly mode. Under the present mode, it will not have the power through this legislation or under the draft standing orders—some of us at least have seen them—to elect a Speaker.

Mr. Dodds: My hon. Friend's point is given added weight when one considers that not only was the Presiding Officer appointed by the Secretary of State alone, but no one in any of the political parties was even consulted on the appointment. That is a cause of great concern.

Mr. Robinson: My hon. Friend is right. He will remember that, when we met with the Secretary of State before the appointment was made, we asked whether he would consult the political parties before he decided. He made it clear that there would not be any consultation and that was borne out by the fact that the person who appears to have been most surprised by the appointment of Eileen Bell as the Presiding Officer was the leader of her party. It was not the first time that he had been surprised to discover that an appointment had been made. None of that should detract from the credibility of the individual involved. I wish Eileen Bell well, and my colleagues and I have no intention of making life difficult for her—I am sure that she will be pleased to hear that. Indeed, my right hon. Friend the Member for North Antrim (Rev. Ian Paisley) has already personally wished her well. I trust that she will have deputies who will give her the necessary support. The position would, however, have greater authority if it were elected by the Assembly.

I would like the Secretary of State to make it clear that although the legislation says that he may authorise the Assembly to elect a Presiding Officer, he will do so and allow the position greater authority. Otherwise we will be in the ludicrous position of the Assembly Members barely being able to breathe without the permission of the Secretary of State, which would make it something less than a talking shop. He must let go of the leash and allow the Assembly to take on more and more responsibility. That is the least that he can do.

Dr. William McCrea (South Antrim) (DUP): This has been an interesting debate and I have listened intently to those hon. Members who have spoken. Many questions have been posed and we await the answers from the Secretary of State, although some limited light has been shed on the subject by his interventions this afternoon. That is deeply appreciated.

The Government must reveal their true intention. In reality, no one is under any illusion about that true intention. We all know that it is the Government's design and intention to get the Democratic Unionist party, the Ulster Unionist party, the Social Democratic and Labour party and Sinn Fein-IRA into government, but only the last of those parties has a dual title, so we have to ensure that the democratic credentials of all those participating in government are clear.

My right hon. Friend the Member for North Antrim (Rev. Ian Paisley) has made it abundantly clear that neither the Government nor anyone else will be able to cajole, pressurise or even humour our party into anything that is not in the best interests of the people of Northern Ireland and that is not built on the solid foundation of true democracy. There is a great challenge to those who were inextricably linked to terrorism in the past. They must completely renounce violence; for them, the path of terror must be consigned to the history books. There must be recognition of the primacy and authority of the security forces. They must support the efforts of the police to ensure law and order and the safety of everyone in the community—everyone equal under the law and equally subject to the law.

Her Majesty's security forces must and will be supported in exercising their legitimate authority to move against and defeat terrorism. We must make that abundantly clear. People who want us to believe that they have moved away from their terrorist path must support the security forces, the police and the Army, in their efforts to defeat and bring to book those who are

still active in terrorism, who may be in the Real IRA—although we are told it has moved away from terrorism—or the Continuity IRA. There is no hiding place. If people want to be part of the Government, they have to say that they will support the security forces in their efforts to track down and defeat Continuity IRA. They have to come up to the mark. Members should make no mistake: we will not be cajoled, pressurised or humoured into accepting a second-rate Administration.

The people of Northern Ireland have the right to a true democratic solution, based on firm democratic principles, and that is what we want for them. We must be assured that all the criminality and corruption of the past has been rejected, and that there is repentance and genuine remorse for the slaughter of the innocent, so that we can move forward on democratic grounds. That is what is expected in a democracy. Nothing less would be accepted for membership of Government in this place, the Scottish Parliament or the Welsh Assembly, so nothing less than those credentials will be acceptable to us.

As I said yesterday, we are a devolutionist party. We want a return to strong devolution in Northern Ireland with a devolved Government who can deal with the issues that affect the lives of the people of Northern Ireland.

I have listened carefully to SDLP Members and looked carefully at their amendments. My hon. Friend the Member for Belfast, East (Mr. Robinson) rightly acknowledged our general support for amendment No. 6, but in respect of amendments Nos. 7 and 8, I have to say, with the greatest respect to the leader of the SDLP, the hon. Member for Foyle (Mark Durkan), that he must leave the dark ages and move on from the Belfast agreement. We are in a new century from the agreement. He must leave the old century, enter the new one and come into the real world. It is amazing that despite his knowledge of the failures of the Belfast agreement, he does not want a jot or tittle removed from it; we must abide by it, warts and all. That is a totally untenable position. No one with any common sense could accept it.

Let me give an example of what the hon. Member for Foyle is asking us to ensure that we continue with and that the Secretary of State would activate under the Belfast agreement. Ministers can act like little dictators, irrespective of the will of the Assembly. That is totally unacceptable. The hon. Gentleman said earlier that if we did not come up to the mark by 25 November, if we had not settled and if we had had no impact on the issues that affect the people of Northern Ireland, those parties would stand condemned by the electorate.

Let me just remind the hon. Gentleman that, for the majority of people in Northern Ireland—not the majority of the Unionist community, but the majority of Unionist and nationalist people—the majority argument on education started in the Assembly. Ministers are activating that which was decided by an unaccountable Minister in the Assembly who acted like a dictator, rather than like someone in a democracy. That is not acceptable.

The will of the Assembly must be paramount; it must be that which is accepted. Members are telling the Secretary of State that taking account must mean more than taking account and that he must act accordingly. If we are to re-establish everything in the Belfast agreement, will the hon. Member for Foyle set his mind back to what happened? Ministers did not act according to the will of the Assembly. They heard what the Assembly said, for example, on education, but they did what they wanted to do.

Let us talk about health and the closure of hospitals. It is very good for Sinn Fein-IRA Members to come out on the streets and say, "We must keep Omagh hospital" and "We must keep the Mid-Ulster hospital", but who took the decision to close those hospitals? Where did that start? The decision came from the Assembly. With the greatest respect, Ministers—I have many arguments with them—are simply carrying forward decisions that Barbara Brown took and they are putting them into action. How did she decide that? Did she decide it by the will of the Assembly? No. She acted contrary to the will of the Assembly. Why did she do that? She did it according to her political affiliation and therefore she felt at the time that she wanted to do it because she wanted to ensure that the Fermanagh and South Tyrone seat would be secured in the Westminster elections. She and her party played with the lives of the people. They played with the health of the people. They knew that West Tyrone was safe for Sinn Fein and therefore they wanted to secure Fermanagh and South Tyrone. Therefore, they established the hospital in Fermanagh and they closed Omagh hospital.

Rev. Ian Paisley: May I remind the House of what happened with the Jubilee hospital and with the chairman of the maternity hospital, too? The chairman of the committee was an SDLP man and he said, "No!", but the Sinn Fein member of the Executive took the decision and laughed at the SDLP and everyone else.

Dr. McCrea: My right hon. Friend is exactly right. In fact, in the example of the Jubilee hospital, which is in south Belfast, it was politically expedient for the then Minister, Barbara Brown—Sinn Fein-IRA—to make a proposal for west Belfast, for Gerry's seat. Therefore, they did not care about the health of the people or about the will of the people. In fact, on that occasion, a previous Member for Belfast, West—Dr. Joe Hendron—was the chairman of the health committee. He and other Members of the SDLP disagreed with that decision simply on health grounds, and it was referred twice to the court. The Minister was ordered by the court to revisit her decision, but she still went on with it, irrespective of that. We have got to be very careful.

3.15 pm

The Belfast agreement, as it stands, was rejected by the majority of the people of Northern Ireland. We have got to accept that that is the will of the people and that should be taken into account. If the hon. Member for Foyle is asking the Secretary of State to take account of the will of the people in activating decisions, he ought to take account of it, as well.

Mark Durkan: The hon. Gentleman has raised the issue of the decision in relation to maternity services in Belfast. He has misrepresented the facts of that situation. Everybody agreed that a decision had to be taken on one side or the other—the position could not

[Mark Durkan]

be sustained on two sides. There was going to be no cross-community support available for a decision on one side or the other. The SDLP supported the Minister in taking the decision that she took. Joe Hendron, as the SDLP person who was the chair of the health committee, did not disagree with the Minister on health grounds. His interest was as the chair of the committee, respecting the committee's interest and locus. The other SDLP member of that committee was the representative of South Belfast who disagreed on constituency grounds. So, the hon. Gentleman misrepresents the situation.

Dr. McCrea: The SDLP is saying that its member disagreed on constituency grounds—so, it is willing to play with the issue, as well. We should be dealing with the issue on health grounds, and health grounds alone, instead of trying to play around with people's lives and futures.

Mrs. Iris Robinson (Strangford) (DUP): May I just bring some semblance of reality to the debate? The then Minister, Barbara Brown, had announced in *An Phoblacht*, a republican rag sheet, that she was going to locate the maternity services at the Royal Victoria hospital site, even before the committee took its decision to support the Belfast City hospital site. A majority of people voted for the Belfast City hospital site, but the Minister overruled that.

Dr. McCrea: I thank my hon. Friend—

The Second Deputy Chairman: Order. I understand that these matters are relevant to the debate, but I do not think that we ought to have lengthy re-runs of things that have happened in the past.

Dr. McCrea: Thank you, Sir Michael.

I have to make clear what the hon. Member for Foyle has suggested to the Secretary of State: amendment No. 7 really says, "Listen, irrespective of the will of the people, let us go back to the Belfast agreement." The hon. Member for Foyle had better realise that the Belfast agreement is dead. We have moved on. The people of Northern Ireland, through their electorate, have moved on. That is why his party has three Members in this House, the Democratic Unionist party has nine and the Ulster Unionists have one. It is because the electorate have moved on. We cannot accept a situation in which no cognisance is given to the realities of what is going on and in which there is an attempt to pretend that we must have what has failed in the past. We have to look at the realities, rather than our wish list for the future.

There was a lot of stir about the word "Assembly". Should what we are discussing be called an assembly? Is it a forum, rather than an assembly? In many ways, that is a storm in a teacup. Those who are going to the Assembly are Assembly Members. With the greatest respect, it is not a forum. In 1996, I was elected to a forum—the Northern Ireland Forum. It was a forum and so I was called a Forum Member, not an Assembly Member. No one can call what we are discussing a forum, because I am not a Forum Member. I will be called there because I am an Assembly Member. That is why the invitation will be issued to me. Why is the hon. Member for North Down (Lady Hermon) not invited? Because she is not an Assembly Member. Others will be invited because they are Assembly Members.

The body will not be the Northern Ireland Assembly, or the new Northern Ireland Assembly, but will be the Assembly of the Assembly Members of Northern Ireland. We should not take up time in the House by arguing that the body should be called not the Assembly, but the "Forum", or something else, because no one can call it anything else. Assembly Members will be assembling together because they are Assembly Members.

Lady Hermon: I am listening carefully to the hon. Gentleman and disagree with most of what he is saying. He cannot have it both ways. He has said repeatedly that the Belfast agreement is dead, but now claims that time is being wasted discussing whether the new creature is an Assembly or not. Will he kindly accept that as the Northern Ireland Assembly is the creation of the Belfast agreement, the agreement cannot be dead? He is looking forward to getting back into the Assembly created by the Belfast agreement, which is definitely not dead.

Dr. McCrea: We will not carry out a funeral procession today because the funeral for the Belfast agreement was held at the time of the last election. No one is suggesting that the body will be the new Northern Ireland Assembly, but it will be an Assembly of Members who were elected to the Northern Ireland Assembly. It is a waste of the House's time to try to put another name on the Assembly because only Assembly Members will be invited to it, so I will not spend any more time on that point.

The hon. Member for North Down mentioned the 1998 Act when she talked about bringing the First Minister and Deputy First Ministers together. I know the motives behind the Ulster Unionists' position on that, but, once again, we have to move on. If there is one thing that the hon. Lady should know, it is that the people of Northern Ireland made a decision about the Belfast agreement at the last election. With the greatest respect, no one can resuscitate or revive the agreement because the people, through the ballot box, have moved on.

Just because a decision was taken years ago, are we going to live with the failures of the past? Do we not want a brighter and saner future for our people by moving away from putting criminals and terrorists into government and towards a situation in which the only credential for a person to hold ministerial office is democracy and democracy alone? That is why I ask the House to allow those who were elected as Assembly Members to meet and discuss. I hope that the Secretary of State and his Ministers will take account of not only Assembly Members' decisions, but the wise counsel given by the hon. Member for South Staffordshire (Sir Patrick Cormack) when he asked the Secretary of State to hold back on the likes of the offensive decisions on the review of public administration, at least until the November deadline has arrived. The House and the Secretary of State would do well to heed such wise counsel.

Mr. Laurence Robertson (Tewkesbury) (Con): I will be brief because we have had a long debate on the amendments, probably because they are wide ranging. I do not especially want to join in the debate on what the name for the new Assembly should be. There is a little confusion about what the Bill does and it has sometimes been difficult to explain that to people, who have responded by saying, "Oh, so you're setting up a shadow Assembly," and I have replied that it is not quite like that. Although the situation is difficult, I do not want to take up the Committee's time on that issue.

As other hon. Members said, it is important that the Assembly deals with real issues. That will be an incentive to make it work, so that the real Assembly—or the Northern Ireland Assembly, as I should call it—can be set up and full devolution can be realised. If it ends up as a talking shop, which I very much hope it will not, we will not have served the cause of devolution well.

I endorse everything that my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) said. In particular, it is important that we put on hold as many statutory instruments as possible until the Assembly is up and running and fully able to consider those matters. We recently considered water rates and local government, and we are about to consider education. Those are big issues. I do not want to get to the point in November, or, I hope, before then, when devolution is fully triggered, to find that the Assembly is landed with a load of legislation of which it does not approve. That would not be a helpful start.

I appeal to the Secretary of State to allow the Assembly to have something left to do. That is important. However, it is wrong for this House to decide such important matters for the 1.7 million people who live in Northern Ireland. I do my best from the Dispatch Box and in Committee, but I do not have, and do not pretend to have, the knowledge that hon. Members from Northern Ireland have. We all do our best, but we cannot have the same expertise as they have.

On privilege in the Assembly, again, I am not a lawyer, but I would find it odd if the word "malice" remains as a qualification in paragraph 6 of schedule 1. I realise that malice is an important factor in the law on murder, for example, but we are talking about a very different matter when it comes to defamation. To prove that someone said something with malice would be very difficult. I do not think that it should remain in the paragraph.

We would have preferred the Assembly to elect the Presiding Officer, for the reason given by the hon. Member for Belfast, East (Mr. Robinson). He or she would command greater authority, and it would also be fairer for the Assembly and the people who serve in that office.

On the Secretary of State's powers to set the proceedings of the Assembly, it would have been useful for the Bill to include "after consultation with the Presiding Officer." That might have been better, but probably only if the Presiding Officer had been elected by the Assembly, rather than appointed by the Secretary of State, to avoid an incestuous relationship.

We have some concern about the fact that the Secretary of State is taking on extra powers. We seem to be considering so much legislation. Some of it is definitive, but then we come to a clause that says, "The Secretary of State can do this, that and the other", and think, "Why bother sitting through all the deliberations if he can do that?" I am fearful of that, because it is wrong to vest so much power in any one person. I have no objection to this particular Secretary of State, but it would lead to more statutory instruments, which we all want to avoid. He should think about the powers that he is taking and whether they are going to lead to more statutory instruments. I think we would agree that that would not be a good thing. However, it is a temporary measure, and we do not intend to divide the Committee on it.

We wish the Bill well and look forward to hearing what the Secretary of State has to say in reply to a number of good points raised.

3.30 pm

Mr. Hain: I thank the hon. Member for Tewkesbury (Mr. Robertson) for a helpful contribution, in which he legitimately probed a number of points.

For the record, I inform the House that the draft standing orders were in the Vote Office from this morning, they were placed in the Library yesterday and they were circulated to all the parties, so I think I have discharged my obligations in that respect.

I am grateful to the hon. Member for North Down (Lady Hermon) for her reference to the death of my father-in-law, Lieutenant Commander Douglas Haywood. The House will want to know that he served the Navy as a naval commander with great distinction in the second world war and afterwards.

Clause 1 makes it clear that under the Bill the primary task before the Assembly will be to elect a First and Deputy First Minister, and to ensure that the remaining ministerial portfolios are filled upon restoration. It also permits the Secretary of State to refer other matters to the Assembly. Schedule 1 sets out the arrangements under which the Assembly will function in this phase.

Let me make general points about the matters raised by the amendments, before I turn in detail to points raised with me by right hon. and hon. Members. There was a lengthy discussion yesterday about the Assembly's role in relation to current issues that may be referred to it, apart from its central task of selecting an Executive. There was a suggestion that we intended the Assembly merely to be a talking shop. A number of hon. Members suggested, as has been suggested this afternoon, that in order to confirm that that was not the case, we should amend the Bill so as somehow to give the Assembly formal powers over legislation in the period before restoration.

The Assembly is most definitely not intended to be a talking shop. I disagree flatly with the hon. Member for Foyle (Mark Durkan) on the matter. I do not want to debate with him or to make a remark that he may see as provocative, but some of the contributions this afternoon have not taken account of the background to the present position. I made it clear that I would have preferred a shadow Assembly—a period in which we could have built up trust and working together, and then moved to restoration. That was expressly rejected by the SDLP and by Sinn Fein, who wished instead to move straight to restoration, or to try to do so.

I remind the Committee that we have sought to bring the two positions together and get the Assembly going, seeking to achieve the successful election of a First

[Mr. Hain]

Minister and a Deputy First Minister in its early days, and the selection of the Executive as well. We have sought to do that, but not with any great expectation that it would succeed, and then to move forward with a deadline at the end of November.

We hope that the Assembly is a body on the brink of assuming powers over a wide range of economic and social issues in Northern Ireland. That is the objective. The issues that have most often been suggested for referring to it are the ones that are not merely currently important—education and so on—but will raise important questions on the agenda of any devolved Administration and Assembly that assumes power in the near future. Any views that the Assembly expresses from 15 May onwards would need to be listened to very carefully by all concerned, and particular account would have to be taken—I give this assurance—of any that were expressed with cross-community support.

In the nicest way, I remind the hon. Member for South Antrim (Dr. McCrea), who advanced his arguments with passion, that I was the one who helped to draft the statement made by both Prime Ministers in Armagh and inserted the specific references to education, water charges, local government and economic policy, and I am the Secretary of State who has arranged for the business community to come and make an early presentation to the Assembly on its case for economic reform. That is an opportunity—to use a phrase mentioned earlier—for real meat to be discussed in the Assembly. In response to representations made by the hon. Member for Lagan Valley (Mr. Donaldson) and a cross-party delegation that he brought, to which he referred yesterday on the subject of industrial de-rating, that is also a matter that I would refer to the Assembly.

I cannot make the Assembly discuss anything. I can refer a matter to a business committee, which I hope will be established and operate by consensus, and that will refer the matter to the floor of the Assembly or to working groups, committees or whatever it decides. May I remind the House that as Secretary of State I pressed hardest for the restoration of devolution, as I want those decisions to be made by a fully restored Assembly?

Lembit Öpik: I am encouraged by the Secretary of State's comments. Given his form on devolution in Wales, I do not doubt his intentions. However, he is asking us to trust his commitment to devolution. Surely, the principle of amendment No. 6 should sit comfortably with his own desire to involve the Assembly in decision making. Is he willing to make a commitment to introduce, perhaps on Report or in another place, a formal system that would ensure that the Assembly, which starts on 15 May, plays a role in the decision-making process in Orders in Council? I do not see why he should have a problem with enshrining that in legislation.

Mr. Hain: I cannot agree to that, because we must not confuse lines of accountability. I am responsible for affairs in Northern Ireland, and I am accountable to the House. When the House considers those issues, it is obviously anxious to reflect on the Assembly's views but, ultimately, I am answerable, in the absence of a fully restored Assembly, to the House. We should not shackle ourselves.

Several hon. Members *rose—*

Mr. Hain: May I finish this point before accepting interventions, including one from the hon. Member for North Down (Lady Hermon)?

We all agree that devolution is a good thing, and those decisions are much better made in Belfast, but that cannot happen until there is necessary agreement between the parties on the structures on which devolution is to take place. Halfway houses are not possible. There is ministerial responsibility, either here or in Belfast; it is not possible to have both, or for them both to be statutorily defined, as the hon. Member for Montgomeryshire (Lembit Öpik) wishes. It is possible, however, to ensure that politics is at work in the Assembly and in the heed that my ministerial team and I take of its views; we must ensure that the politics works to move things forward.

I shall give a concrete example of the dilemma that we face before giving way, as I promised. All the parties oppose water charges, and they would like Northern Ireland to be a unique position, in contrast to the rest of the United Kingdom, so that such charges are not levied. That is a legitimate political case. If the Assembly were not fully restored, and I said that it could vote without responsibilities for its decisions, it would vote on water charges in an oppositionalist mode—I hope that that is not an unfair characterisation—if it decided that it did not want water charges. That decision would knock a great big hole in the budget from April next year, when it is proposed that the first tranche of water charges should be phased in. If the Assembly, acting irresponsibly, in the sense that it does not have responsibility for the consequences of its decisions, did not want water charges—I accept that no one likes to pay more money—that would knock a great big hole in the budget for health, education, children's services and agriculture. Decisions that are made therefore have consequences. The Assembly is not yet fully restored, but when we reach a point where it has responsibility, because it has an Executive who can make recommendations, and the parties in the Executive vote accordingly because they know that their decisions have consequences, I am happy for decisions on water charges, the RPA—the review of public administration—education reform and so on to be made by the Assembly.

Sir Patrick Cormack: May I try to pin down the Secretary of State on the RPA? Is he absolutely fixed on the seven new local authorities, or can that number be revised by the Assembly?

Mr. Hain: The House of Commons voted yesterday to provide instructions to the boundary commission to work on boundaries for seven councils. Parliament has therefore made its decision. However, putting that into effect will still require a series of consequential legislative and regulatory measures, which I hope will go through the Assembly.

The situation in respect of education reform is similar. Opposition to the reform proposals has been expressed, quite properly from their point of view, by DUP and

UPP members, yet they have received strong support from the SDLP, Sinn Fein, the teaching profession, educationists and the business community. That shows that these matters are not as black and white as may sometimes be assumed.

Does the hon. Member for South Staffordshire want to come back on that?

Sir Patrick Cormack: As always, I am grateful to the Secretary of State for his impeccable courtesy. Two issues seem to have become slightly mixed up. I agree that there is division over the education reforms, but my observations and conversations lead me to believe that a majority is in favour of amending the 11-plus while maintaining the status quo in respect of selective schools. The Assembly should be able to perpetuate that system, if that is its wish. However, given that the three Northern Ireland parties represented and participating in this House are of one mind about the proposal for seven local authorities, I hope that the right hon. Gentleman will assure me that we are not absolutely fixed on that number, whatever Parliament has decided. After all, Parliament can always re-examine a matter and reach a different decision about it, and he can always table further Orders. If the Assembly perpetuates the apparent alliance that exists, he should respond to the questions about the seven authorities.

Mr. Hain: Parliament has decided on the boundary commissioner's remit, and I have explained how the Assembly will be able to influence the subsequent pattern and delivery of local government. Further legislation is needed: I hope that the Assembly will undertake it and that we do not have to introduce it by Order in Council here.

The RPA reform proposal has not been picked out of a paper bag, as it were, to satisfy one party. I might add that the party involved—Sinn Fein, in this case—came to support the proposal very belatedly, and I assure the hon. Member for South Staffordshire that its support was not material to the decision, which was reached after wide consultation and independent assessment.

I do not want to go too far into the matter, but it has been raised and deserves a proper response. The pattern of seven councils was chosen because the local government structure in Northern Ireland needs a strong revenue base that is more or less equal between authorities. There will be no need for cross-subsidy between them, but there will be coterminosity in respect of policing and health. Various other factors apply, and I repeat that the proposal for seven authorities was not made to satisfy one particular party.

Lady Hermon: The Secretary of State has been very generous about giving way. He made a passing reference a few minutes ago to the creation of a business committee. Would he care to elaborate on the construction of that committee? Will it be a revamped and resurrected version of the one that sat in the real Northern Ireland Assembly, or will it be a creation under his direction?

Mr. Hain: Over the past week or so, I have discussed the idea of the business committee with all the parties involved, and it has received unanimous support. The committee will be made up of representatives of the major parties, in the proportions that the hon. Lady would expect, and I expect it to operate by consensus. Its first meeting is due to be held early next week and, as part of the preparatory process, the Presiding Officer is to meet the party Whips tomorrow. I want to allow the parties in the Assembly to take charge of running it, but I do not want it to implode right away, because there is the possibility that factionalisation will occur immediately if the matter is not handled carefully. I am encouraged by the response from the parties, all of which want to establish the Assembly with dignity and certainty in its early days.

3.45 pm

Lady Hermon: I have a broad smile on my face because the Secretary of State has confirmed that the Presiding Officer will be able to bring together in the same room the Whips from the DUP, Sinn Fein, the UUP and other parties in the Assembly.

Mr. Hain *rose—*

Mr. Dodds: What is new about that?

Mr. Hain: Indeed. The parties have always worked together in the Assembly, and the DUP has made it clear that it will do so.

On the themes raised by the hon. Member for North Down, the Assembly that will sit on 15 May will have different powers from those of the Assembly under devolution. As she has said, I will have wide discretion about how the Assembly will operate, which is entirely defensible—it would not be defensible in any permanent arrangement, but this is not a permanent arrangement. The Assembly will not operate in the manner set out in the Bill after 24 November, but we hope that it will have moved on well before that.

The hon. Member for South Staffordshire was kind enough to pay tribute to our working relationship in this House, and I value his counsel greatly. He suggested that the arrangements give priority to Sinn Fein, but that is expressly not the case. We are trying to square a circle between nationalists and republicans—who did not want a shadow Assembly and who made it emphatically clear that they would not turn up in those circumstances—and Unionists—who wanted one—and this particular mongrel is a product of those circumstances.

As a default position, I have powers as Secretary of State over the choice of Speaker and what matters are referred to the Assembly. However, nothing would delight me more than acting not as a commissar, as the hon. Member for South Staffordshire has jocularly suggested—by the way, I was mortally wounded by that suggestion—but as a facilitator with a default power to make sure that things move forward.

The hon. Member for Montgomeryshire has asked whether the Assembly could replace my appointee as Presiding Officer, and the Bill makes express provision for that eventuality in paragraph 3(1)(b) and paragraph 3(2) of schedule 1. I have suggested to the parties that we should not turn to that question for the present, because the last thing that the Assembly needs is some kind of squabble, although I have not seen any

[Mr. Hain]

evidence that there would be any disagreement with Eileen Bell's appointment. I think that the hon. Gentleman agrees that it would not be sensible to argue about that matter at the outset, and the same procedure was followed last time. If there is a widespread wish after the summer either to confirm Eileen Bell's appointment or make a different decision, it will be possible to provide for that. After devolution, which I hope will come before the summer, the Assembly will be master of the question and will be free to elect another Presiding Officer. I mean no disrespect to Eileen Bell in raising that matter, and I am sure that the same is true of the hon. Gentleman.

It is widely accepted that there are few alternatives. We need the Assembly to select an Executive in order to pave the way for stable devolved Government. If we had reintroduced the Assembly by ending direct rule under the Northern Ireland Act 2000, and so ending the authority of Ministers and the special legislative powers, we might have created chaos. Ministers would have been selected by the d'Hondt procedure, but it is far from guaranteed that all parties would have put forward Ministers in the present circumstances—in fact, we all know that they would not have done. Consequently, we would have risked having a serious community imbalance. At the very first opportunity for more than three and a half years, we would have marched ourselves straight into a crisis. That would not be a sensible way in which to begin the difficult task of restoring trust as the basis for the restoration of the institutions.

Although we hope that an election to the offices of First Minister and Deputy First Minister will be possible within six weeks, there must be doubt about that, and if it did not happen, under the scheme of simple restoration, there would necessarily have been an Assembly election, which few people would think a good idea in itself and which would be most unlikely to advance matters. I make no apology for our having brought the Assembly back without its formal powers so that it can discuss in a calmer and more focused atmosphere the way forward to selecting an Executive, and people who will not have worked together for nearly four years can begin to experience it again and to build the necessary trust.

As to the breadth of the discretion that I am given under the Bill, it is wide—I make no secret of that—in the same way as it was in 1998 when the Assembly first met. In an ideal world, no doubt all the issues covered—the election of the Presiding Officer, times and places of meetings, the preparation of a set of Standing Orders to meet the needs of the Assembly in its current phase, where the parties sat, and so on—would have been resolved by the parties themselves. However, everybody knows that in present circumstances that could have been extraordinarily protracted, and we do not have the time. It would not be the proper way in which to start off this very important phase of getting devolved Government going again in Northern Ireland.

The Assembly must come back and concentrate on its core task of moving us towards devolution. At that stage, of course, all these arrangements fall back into the hands of the Assembly. Under the scheme of the Bill, the Standing Orders that applied in 2002 at the moment of suspension will come back into effect, displacing those that I have made. It will control its own business and it can elect its own presiding officer, as I have made clear. At that stage, there will necessarily be a greater degree of common purpose among the parties, because they will have succeeded in agreeing the means of returning to devolution, and that is the point at which they can most profitably look at these questions.

Lady Hermon: Can the Secretary of State point to one section of the Northern Ireland Act 1998 that gives the Secretary of State the power, at a transitional period when the Assembly is in shadow mode, to amend or repeal any Act of Parliament and, if he so wishes, to decide that it is expedient to do so without even bringing an order before this House?

Mr. Hain: The hon. Lady will know better than I do, because she was there at the time, that I am proceeding much as we did in 1998 in terms of the appointment of a Presiding Officer, the drawing up of Standing Orders, and so on. We will discuss the other points that she raised later.

I believe that my powers in this regard are justifiable and necessary. However, we will stay faithful to the procedures of the 1998 Act in the devolved Assembly where we can. That, I hope, comes out in the draft standing orders that we have made available. In particular, the selection of the Executive will follow closely the pattern of the 1998 Act. The Delegated Powers and Regulatory Reform Committee in the House of Lords has looked at the powers in the Bill, including those that the hon. Member for North Down has questioned. It concluded that they are appropriate in the context of the Bill, but suggested that it would be helpful to have further explanations of the way in which they are to be used. I hope that the details that I am providing, particularly the draft standing orders that we have produced, will provide the necessary reassurance.

The thrust of the Bill is in line with the sense of amendments Nos. 7 and 8, which the hon. Member for Foyle tabled. The measure is precisely about restoring the institutions that the Good Friday agreement established. The principle of fidelity to what was agreed in 1998 is important to SDLP Members—I agree with them—but I hope that they agree that the amendment does not add anything of substance. I hope that, having made their points and got those reassurances from me, they will not press the amendments.

I appreciate that the hon. Member for Foyle has strong concerns for good reasons and I therefore also stress that the talks will be all party and inclusive. I have made that point previously and I repeat it now. Whatever has or has not happened in the past, for whatever reason, it is not possible to proceed through side deals. Talks must be on an all-party basis.

Amendment No. 6, which my hon. Friends the Members for Foyle, for Belfast, South (Dr. McDonnell), and for South Down (Mr. McGrady) tabled, proposes that before restoration, the Assembly should be given a power of veto over legislation that is the preserve of the House. I do not believe that that is appropriate. As was said yesterday, during direct rule, which I do not want to continue for one day longer than necessary, we are accountable here for the good government of Northern Ireland and we should not tie ourselves to following the will of another body.

Nothing would give me greater pleasure than the restoration of the Assembly, with its Members again taking responsibility for transferred matters. However, I repeat that when the Assembly, on a cross-community basis, expresses views about a specific order or policy, they will be taken into account. That is different from giving a suspended Assembly a power of veto over Parliament.

The hon. Member for Foyle asked about the Secretary of State being able to refer matters to a business committee. If there is a consensus on the business committee, it can proceed without my getting involved. The last thing I want to do is get involved in the Assembly's internal affairs. I hope that that reassures the hon. Member for North Down about seating arrangements and so on. I am happy to leave such matters to the parties and the business committee. I do not want to get involved in where people will sit in the Assembly. It was a matter of contention in the past and, from what I can tell from discussions with all the parties so far, what needs to happen is pretty clear, and that will happen.

Sir Patrick Cormack: The Secretary of State used the words "taken into account". What precisely do they mean? I revert to the review of public administration, on which the three elected participating parties are of one mind. They believe that the numbers will lead to what they call Balkanisation, polarisation and so on and that Northern Ireland should be differently configured for local government. The right hon. Gentleman says that if the Assembly takes that view, it will be "taken into account". Does that mean that it will be reflected in a change?

Mr. Hain: I answered that point in respect of water charges. With all due respect to the hon. Gentleman, whose contribution I greatly value, we are going around in circles, arguing the same point. If we had a fully restored body, which took responsibility for decisions, that is one matter. Taking account of views means exactly that. In the case of a unanimous or cross-party vote, I would pay careful attention to it. I have no interest as Secretary of State, with an Assembly on its way to restoring the institutions—as I believe is the case—in doing anything that will run counter to the Assembly's decisions. That is not my purpose. However, in the meantime we have to govern. That is our responsibility and we are accountable to the House for doing that.

On the Assembly's procedures, especially those for selecting Ministers, the Bill proposes that the procedure for carrying out the primary tasks will be in line with that for which the 1998 Act provides. I hope that the hon. Member for North Down, who tabled amendments Nos. 16, 17 and 24 to 26, and the hon. Members for Montgomeryshire and for Argyll and Bute (Mr. Reid), who tabled amendment No. 4, have been reassured by the initial draft standing orders, which were made available to hon. Members before Second Reading, that, as the right hon. Member for North Antrim said, we are closely following the procedures. I hope that they will therefore not press the amendments.

The hon. Member for North Down asked why I had put the standing orders in so early. I did it so that the parties could discuss them and the Business Committee could form a view of them. I will happily look at any suggestions for changing any of them.

4 pm

David Simpson (Upper Bann) (DUP): I have a general question on the point that the Secretary of State made to the hon. Member for Foyle (Mark Durkan). He said that there would be inclusive all-party talks. If, for example, Sinn Fein pulled out of the talks at some stage, would the talks continue with the main parties that were left?

Mr. Hain: The term "all-party talks" means exactly that. No party can exercise a veto, either by not appearing at the talks or by seeking to exercise a veto in some other way. If a party chooses to exclude itself, that is that party's decision.

On amendment No. 27, I understand the points that the hon. Member for North Down made about defamation and privilege, and I want to address them. I believe that it is right that the Bill should confer qualified privilege on proceedings in the Assembly in its present mode. As the hon. Member for Belfast, East quite properly pointed out to the hon. Lady, that arrangement mirrors the situation that applied in 1998. I hope that it will encourage debate that is free and frank, while discouraging accusations of a malicious nature.

I should like to go into this matter in some detail, in order to meet the concerns expressed by the hon. Member for North Down. She asked why the proceedings in the Assembly in the form envisaged to 24 November—or to restoration, if that takes place before then—were to be given a lesser degree of privilege in regard to defamation than those of the devolved Assembly. The proceedings of the old, fully fledged—as it were—Assembly enjoyed absolute privilege. In this Assembly, privilege is qualified, in a similar way to that in which it was qualified at the preliminary stage last time. That privilege will not protect the maker of defamatory statements if there is proof of malice on his or her part. The Bill gives the same degree of privilege as that accorded to the transitional Assembly in 1998—it follows exactly the same formula. That was our precedent. Indeed, it was the precedent for much of what we have put into the Bill.

Absolute privilege tends to be conferred only on fully functioning legislatures. Conferring qualified privilege under the Bill is therefore appropriate and reflects the fact that the Assembly has not been fully restored. At a time when there are serious party differences—although we are seeking to narrow them—it does not seem right to give freedom from malicious defamatory statements.

The Bill does not alter the position of the media in relation to privilege. It might assist the House if I point out that the Bill allows for statements in the Assembly to be privileged, excluding those made with malice, whether made by Assembly Members or by those who fairly and accurately report them in the media.

On the name of the Assembly, I cannot accept that it should be known as anything other than the Assembly. As the hon. Members for North Down and for Montgomeryshire have pointed out, the Assembly is

[Mr. Hain]

composed of all those who have been elected to the full Assembly and who will constitute it on restoration. I agree with the points made by the hon. Member for Belfast, East in that respect. One of the key functions of the Assembly is the selection of an Executive. Once that function has been discharged, the way will be open for the restoration of all the devolved institutions and the resumption of the full legislative and other powers of the fully restored Assembly. The proposals by the hon. Member for North Down in amendments Nos. 21 to 23 that it should be known as "the Forum" would be misleading, although I know that that is not her intention. I hope that she will not press her amendments to a vote.

To conclude, Mrs. Heal—I am proud, as a Welsh MP, that a proud Welsh woman is in the Chair, whose husband is a proud member of my local rugby club—*[Laughter.]* I think that we had better call it a day at that

I want to reassure right hon. and hon. Members who have raised important points that the new Assembly, which is a difficult task and a fragile flower, is on its way, I believe, to restoration of the institutions. We need to do that by consensus. We have put in the structures with a lot of care and thought, modelled in many respects on what happened in 1998, giving the Assembly the opportunity to take full charge of its affairs, to decide what it wants, to vote on what it wants and to discuss what it wants. In that transition, a default position remains in my hands as Secretary of State to make sure that it is able to proceed in that consensual way, which I hope that it does. I hope that the whole House will back the Bill, and that those who tabled the amendments will, on hearing my reassurances, withdraw them.

Mark Durkan: In respect of amendments Nos. 7 and 8, the Secretary of State has indicated that the Government's purpose in the Bill, and the whole point of the exercise, is to give effect to re-establishing the institutions of the Good Friday agreement. On that basis, he feels that the amendments add nothing. In introducing them, I said that they were probing amendments to register that point, which was certainly made to us in meetings with the British and Irish Governments and registered strongly by the Taoiseach, not only in his joint statement with the Prime Minister on 2 March but on several other occasions. I am glad that our amendments have brought such an explicit statement from the Secretary of State. The Minister with responsibility for political development, the hon. Member for Delyn (Mr. Hanson), who is now sitting next to the Secretary of State, will be glad to hear that I can take yes for an answer. On that basis, we will not press the amendments to a vote.

Among the various comments on amendments Nos. 7 and 8, there was some misunderstanding of their purpose. The right hon. Member for North Antrim (Rev. Ian Paisley) is not in his place, but I point out to him that I did not at any stage say that I believed that the DUP's only intent was to go into the Assembly to wreck it. How could I say that, in circumstances in which it is clear to all of us that this new creature is very much along the lines that the DUP specifically advocated? If anything, on the basis of his contribution yesterday, the DUP's intention would not be to bring down this new creature but to prolong its existence. Clearly, subsequent amendments that they have tabled would do away with the 25 November deadline. He has therefore misapprehended my concern.

In relation to the position of the DUP, I believe that, contrary to 25 November and the notion of a proposed alternative representing a threat to the DUP, in the overall political scheme, the DUP might well be comfortable in those circumstances. It can then make a different case that closing the book on devolution is effectively closing the book on devolution as per the agreement. Drawing down the curtain, as the Secretary of State said yesterday, on the process since 1998—those were the Secretary of State's words—can quickly be converted by the DUP to drawing down the curtain on the Good Friday agreement. As Governments search for an alternative that they do not yet have, the DUP will say, "We always advocated an alternative. The Governments are proposing an alternative that is not agreed; we want an alternative that is agreed." A lot of people in Northern Ireland, including some nationalists, naively believe that the DUP is somehow under the cosh in respect of 25 November and some other alternative, but I do not believe that the DUP appears particularly frightened by that prospect. I also put it on record that Sinn Fein might have an interest in seeing a crash at that stage, as long as it can blame it on the DUP.

We wanted the Assembly to be able to consider possible solutions. If it seems that we are facing total crash and burn, and if there are proposals that could give life to implementation of the Good Friday agreement, the Assembly should be able to consider those proposals. It would do so on an agreed and an inclusive basis, with no side deals or anything else of that kind.I was pleased when the Secretary of State said that there would be no side deals in the negotiations, although he will probably become tired of being continually asked to give assurances in that regard. I accept his assurance and hope that it will extend to all levels of government.

As long ago as 1998, we were negotiating the Good Friday agreement in Castle buildings a few weeks away from Good Friday, grappling with the minutiae of the proposals for strands 1, 2 and 3. Two parties were supposedly negotiating with the others, and supposedly negotiating with the right hon. Member for Torfaen (Mr. Murphy). The right hon. Gentleman, then the Minister responsible for political development, was chairing the strand 1 talks while negotiating with Senator George Mitchell, who was chairing the talks overall. Those two parties, the Ulster Unionist party and the SDLP, received a fax from Downing street giving an outline of what the strand 1 outcome should be.

The SDLP made it clear, in fairly stark terms, that we were not negotiating with a fax machine, whether it was in Downing street or anywhere else. If the Prime Minister wanted to contribute to the negotiations, he should come to Castle buildings and join in, the talks with all the parties and with the Irish Government. Those who were chairing the talks, including the political development Minister, did not know about the faxes from Downing street until we told them.

I hope that that answers the insinuation from some people that the SDLP has not always stood for inclusion, and has been prepared to do deals on its own or in its own way. We have never done that. We are absolutely clear about the integrity of the principle of inclusion, which is why we wrote it into the agreement, ensuring the inclusion of people who opposed the agreement. We always maintained at the time that the Good Friday agreement and its institutions, as they worked and grew, would be capable of involving in partnership and co-operation not just Unionists and nationalists, not just republicans and loyalists, but those who voted yes and those who voted no. We did not want a new permanent divide in Northern Ireland's political life.

I believe that the institutions of the Good Friday agreement are capable of sustaining such partnership and co-operation. That is why—this answers the point made by the hon. Member for Montgomeryshire (Lembit Öpik)—I do not accept that changes to the agreement are a necessary precondition for restoration. After all, if the suspension had never happened in the first place and if the DUP, with the mandate that it secured, had entered unsuspended institutions, the DUP would have taken office in those institutions. It would then have used its strength in those institutions, and in the context of a formal review of the agreement, to oversee some of the changes that it seeks. It would find that—as, in fact, its members know—many of us have proposed changes in the workings of the agreement to improve it, at a number of levels and a number of ways. We have even proposed changes in the 1998 Act, because many changes could be made to the Act without denting the agreement.

We do not wish to divide the Committee on amendment No. 7. I shall deal with amendment No. 6 shortly. As for the other amendments, I understand the point that has been made about the Presiding Officer. We feel that it might seem petty, and might be misrepresented and misunderstood, if we created a scramble over the appointment of the Presiding Officer in the current circumstances. People might think that we had something against Eileen Bell, which we do not.

It is interesting that Eileen Bell has been appointed Speaker and Eileen Paisley has been appointed to the House of Lords. Given the common assumption that things happen in threes, Eileens up and down the country are probably waiting with bated breath for some wonderful appointments to come their way.

We will certainly work with Eileen Bell as Speaker. In the circumstances, it is probably better to avoid any unseemly stand-off in regard to the Presiding Officer in the early days of this new creature. As someone who comes from Derry, and who is looking across the Floor at someone who clearly comes from Londonderry, I am not going to get into the issue of what we should call the Assembly; the most important thing is what we do in it.

4.15 pm

As many Members have said, amendment No. 6 is in many ways a modest proposal. It is a modest test of the truth of the Secretary of State's assurance that he wants Assembly Members to have responsibility; indeed, he has sometimes said that he wants them to have "a powerful influence". What is wrong, therefore, with giving the Assembly the power merely of negative resolution over Orders in Council on a cross-community basis? It is not a veto in the pocket of any one party or community, so it could not be abused. The Secretary of State doubted whether there would be cross-party support for providing such a power. I agree that there would not have been cross-party support for a power of affirmative resolution, which would have given a veto to one party or community, but I cannot see what objection even Sinn Fein would have to proving the power of negative resolution on a cross-community basis. If we are meant to participate in this Assembly in anticipation of taking on powers and doing good things, surely we want the ability stop some of the bad proposals coming through via Orders in Council. As we look toward achieving restoration, what is wrong with our being given the power, on a cross-community basis, to put a stop to the gallop of direct rule via Orders in Council?

The Secretary of State said that that cannot be done because such matters are for Parliament to decide and cannot be decided by anybody else. Yet we are told constantly that Parliament does not want to legislate on these matters via Orders in Council—that it wants them to be properly the business of people in Northern Ireland. The Secretary of State tells us that he will not allow us to oppose Orders in Council by way of cross-community support, yet he cites that issue as the very reason why he will advise Parliament against giving us that power.

The Secretary of State says, "We cannot allow anybody else to decide on issues that are a matter for Parliament." I do not like to remind him and his Ministers of the Northern Ireland (Offences) Bill, but it comes to mind. We were told that the Government and, through them, this Parliament, were honour-bound—hidebound—to introduce legislation that in fact, nobody liked, agreed with or could justify to victims. We were told that there would be dire consequences if it was not passed, but we were not told what they would be, what the threat was or where it came from. The Bill was withdrawn—and the sky still has not fallen in. We were told that an ulterior entity had a hold and a prior say that bound this Parliament and the Government. In the light of that, I do not regard the Secretary of State's argument as very strong.

Lembit Öpik: As the hon. Gentleman said, the Secretary of State's original argument was that there was no cross-party support for giving the Assembly these additional powers. Given that it is perfectly obvious that every party represented here—apart from Government Front Benchers—agrees with such a proposal, the Secretary of State's argument falls. Is the hon. Gentleman, like me, a bit suspicious of the fact that the Secretary of State then moved on to a different set of justifications for not providing such powers? The best thing that the Secretary of State could do is to recognise the consensus that exists here and give the Assembly something serious to do.

Mark Durkan: I agree fully with the hon. Gentleman. The implication of the Secretary of State's earlier remark was that Sinn Fein might not agree with such a proposal. I can certainly see that Sinn Fein would not

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agree with giving the power of affirmative resolution; nor would we, and we would not expect the Government to agree to doing so. Such a power would give the various parties and communities a veto in their pocket on all manner of issues.

Whenever Orders in Council are dealt with in this very unsatisfactory way, we are told that the problem is that different parties support different proposals. However, all that we are trying to do is to give formal expression and record to the weight of party opinion and consideration. This is a relatively modest proposal and if the Secretary of State cannot accept it, I will be disappointed.

Mr. Hain: I am provoked into intervening briefly because the hon. Gentleman's party—together with Sinn Fein—did not want the shadow Assembly for which he is now arguing. We could have been in a different position if he had taken a different view.

Mark Durkan: Perhaps the Secretary of State could explain to us at some point the difference between a shadow Assembly and what we have, because it seems to be a shady, shadowy sort of affair anyway. Given that most of the legislation is recycled from the original Northern Ireland Act 1998, which did give us a shadow Assembly, it is hard to see the difference. Our concern was having an Assembly that had powers that people would become comfortable with, such as powers of affirmative resolution and a greater degree of legislative initiative than at present.

We propose these modest powers to test what the Secretary of State is saying and to add to people's justification for participating in this particular Assembly. We want to be able to say that it is not just a talking shop. We certainly want to be able to say that it will not be a talked-at shop or a talked-down-to shop, with business people and others coming in and talking to us as though we had no experience of devolution. We need some ongoing justification of purpose and, in particular, people in the community who want to see their elected representatives doing things for them in their mandated institutions. There would be some point in looking to the Assembly if it at least had the power of political estoppel or temporary injunction on Orders in Council for its lifetime. At least then people from business could come not to give us bland talks, but to advise us on decisions that we could take to affect the fate of an Order in Council. I do not see how the Secretary of State can argue against putting business, trade unions and community interests in such positive and purposeful engagement with the Assembly, as opposed to the talking-shop style exchange that he seems to envisage.

For that reason, we will not seek to divide the House on amendment No. 7, but we wish to vote on amendment No. 6. I understand that that cannot happen now, but only if we reach schedule 1 by 6 pm. On that basis, I ask the Secretary of State to think again and I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 1 ordered to stand part of the Bill.

Clause 2

SELECTION OF PERSONS TO BE MINISTERS ON RESTORATION OF DEVOLVED GOVERNMENT

Mr. Dodds: I beg to move amendment No. 10, in page 1, line 19, leave out 'before 25th November 2006'.

The First Deputy Chairman of Ways and Means (Sylvia Heal): With this it will be convenient to discuss the following amendments: No. 1 in page 2, line 10, at end insert—

'(4A) Condition 4 is that parliament has legislated to give effect to any changes necessary to the Northern Ireland Act 1998 in order to allow conditions 1 to 3 to have effect.'.

No. 14, in page 2, line 10, at end insert—

'(4A) Condition 4 is that the IMC shall have reported that they believe that no paramilitary, criminal or other illegal activity is being carried out by or on behalf of the Provisional IRA.'.

No. 11, in schedule 3, page 9, line 4, leave out paragraph 4.

Mr. Dodds: We had a wide debate on the previous group of amendments and we now come to a group of amendments tabled mostly by my party. The purpose of the amendments is to allow the selection of a First Minister, Deputy First Minister and other Ministers, under the arrangements set out in schedule 2, if necessary after the deadline of 24 November 2006. As the legislation is currently drafted, the procedure can no longer be used after the deadline. That is because of the provisions of clause 2(1)(b) and schedule 3(4). Under the Bill as it stands, the only way to elect a First Minister and Deputy First Minister, and to select other Ministers, will be under the arrangements in the 1998 Act, or as it may be amended in the autumn.

Amendments Nos. 10 and 11 do not take away the capacity of the Secretary of State to take any action on 24 November, but merely leave options open that may be more appropriate if progress cannot be made by that date but could be made by May 2007. The amendments simply give the Secretary of State options, rather than closing them down or forcing him to come to the House at another stage with new legislation. We have had enough experience recently of new legislation dealing with Northern Ireland and Members would not be terribly pleased if we had to go through the whole process again.

If it is not possible to restore the Northern Ireland Assembly before 24 November but proves possible thereafter—a circumstance that is catered for in the measure—the many logistical arrangements may mean that it will be easier to make progress on the basis of the Secretary of State's standing orders than on the basis of the Northern Ireland Act. In that event, no Speaker would be elected—the role would have to be re-signed and those in power in 2003 would return to office on restoration. If the Assembly was restored and a First Minister and Deputy First Minister could not be elected, the countdown to an election would begin, despite the Secretary of State's saying that there would be no new elections to the institutions.

Lady Hermon: As there are parties who want to construe the DUP as having ulterior motives, it would

be helpful if the hon. Gentleman took this opportunity to put on the record that changing the date is not because the DUP wants to maintain a talking shop on the hill at Stormont.

Mr. Dodds: I am happy to say once again, as most of my hon. Friends said yesterday on Second Reading, that of course we are not in the business of trying to create or maintain a talking shop. Indeed, if amendment No. 6 is pushed to a Division, we shall go into the Lobby to support it. We have always wanted the Assembly that is to be created to have the maximum authority and power and there have been some useful suggestions for making direct rule more accountable in the interim period. That would be sensible and I think that view is shared by parties in Northern Ireland.

We want to take account of the reality spelled out yesterday. When we reach the last week of November, the IRA and Sinn Fein may not have done everything necessary to make them acceptable as members of a Northern Ireland Executive. Let us be frank. Given the findings of the Independent Monitoring Commission report and the current circumstances, it will require a major step change in the provisionals' current attitude to criminality and other things that disqualify them from office to enable them to meet that deadline—although who knows what might happen? My party leader has already told us that he believes in miracles. Given his theological position, no one should be surprised at that statement. I believe in miracles, too—I share many of my right hon. Friend's theological positions as well as his political one.

The provisional movement has let us down many times in the past, however, and it has a fair way to go to convince people that it now has a purely democratic and peaceful methodology. It also has a considerable way to go on policing, as we all know. In the Secretary of State's comments in this place and outside over the past few days, he has referred to policing only in the context of the devolution of policing and justice powers. However, as I said in my contribution to the British-Irish interparliamentary body in Killarney, it is essential to recognise that for members of any party to exercise power as Ministers in any part of the United Kingdom it is extremely important not only that they support the police but that they urge their supporters and the community at large to give information to the police. They should not be half-hearted or equivocal about that matter. That extremely important issue cannot be ducked, set aside or ignored. So those in the provisional movement must deal with lots of issues. They are the ones who are holding up progress and who apparently stand in the way of the restoration of the Executive—not the DUP or the Unionist population.

4.30 pm

Amendment No. 14 would add a requirement to clause 2 that must be met before the Assembly can be restored. A number of conditions are set down in the Bill that must be met before a restoration order can be made, but amendment No. 14 would have the effect of adding the condition that the IMC must have reported that

"no paramilitary, criminal or other illegal activity is being carried out by or on behalf of the Provisional IRA."

Of course, we all know, given the political reality of the situation, what the circumstances must be, but as well as understanding that, it is important that the Bill refers to the outstanding issue of the day, which must be dealt with before the Executive can be restored. It is not just simply a matter of the parties getting together to elect a First Minister and appointing other Ministers; it is the central issue: whether or not Sinn Fein and the IRA have committed themselves to exclusively peaceful and democratic means. I believe that the Bill should refer to that condition, as well as it just being understood as a political necessity. That is the purpose of putting that condition in the Bill.

I hope that when the Minister responds to the debate on this group of amendments, he will seriously consider the matters that we have proposed—I emphasise what has been said by my hon. Friends—in the sense that we want to see this process work. We want to see it deliver. We want to see the restoration of devolution, but we want to see it restored in the right circumstances and in the right conditions.

We do not believe in the use of an arbitrary deadline set down by the Government that may not be met, not as a result of any unwillingness on the part of Unionists or any other democratic party to play their role in devolution, but because of the failure of the republican movement to measure up to what needs to be done. It would be entirely wrong then to see the whole edifice of devolution crash down and for the people of Northern Ireland to suffer in those circumstances. I believe that it is absolutely essential that we should try to maintain the momentum and to try to restore to Northern Ireland the maximum degree of devolution that can be possibly attained in those circumstances.

Lembit Öpik: I rise to speak to amendment No. 1, in my name and that of my hon. Friend the Member for Argyll and Bute (Mr. Reid), which is essentially a probing amendment. We are concerned whether there will be enough time for Parliament to legislate to bring into effect any change to the workings of the Assembly that might be needed before a First Minister and a Deputy First Minister can be elected. We would like the Government to assure us that there will be proper time for Parliament to consider the implications of any change to the workings of the Assembly. That is particularly important, as it is the duty of the two Governments—the one here and the one in Dublin—in conjunction with the Assembly, to review and report on the operation of the Assembly. Colleagues will remember that section 11 of the Good Friday agreement spelt that out very specifically under the heading of "Validation, Implementation and Review". I quote paragraph 8, which states:

"Notwithstanding the above, each institution will publish an annual report on its operations. In addition, the two Governments and the parties in the Assembly will convene a conference 4 years after the agreement comes into effect, to review and report on its operation."

As Ministers know, I was very dissatisfied with the Government's tardiness in conducting that kind of review. The Alliance party was assured that a review would take place. There was enormous obfuscation and delay, prior to the appointment of the Minister of State, Northern Ireland Office, the hon. Member for Delyn (Mr. Hanson). In the end, the work that has taken place has not really addressed some of the core issues—for example, the question of political designation. I covered that in an earlier speech and do not need to repeat my

[Lembit Öpik]

criticisms now. Amendment No. 1 asks the Government to make clear how they see the progress towards making sure that sensible changes can be introduced before the First and Deputy First Ministers are elected, without the sham and farce of redesignation being forced on Alliance party members or anybody else.

I will comment briefly on the other amendments. It seems that amendments Nos. 10 and 11 both seek to remove the deadline from the Bill. If I understand things correctly, that would mean that the proposal for an interim Assembly in the Bill could carry on indefinitely, which is not a good idea. My judgment is that the 24 November deadline is necessary to resolve which way we are going to go with Northern Ireland politics.

I am more sympathetic to amendment No. 14. It is clear that we all want to see the end of criminality, in all its forms—not just the so-called politically motivated paramilitary activity. I am encouraged by what the Independent Monitoring Commission has said in its most recent assessment of the matter—the 10th report. I will be interested to hear what the Minister has to say about amendment No. 14, because surely it contains a reasonable expectation.

Mr. Laurence Robertson: I would like to contribute briefly to the debate on amendments Nos. 10 and 14, in particular. I can see the benefit of having an end-date in place. It does tend to concentrate the mind. However, as the hon. Member for Montgomeryshire (Lembit Öpik) said yesterday, quite correctly, we have seen so many deadlines come and go in Northern Ireland. I suppose I have to question whether there can be any confidence in the idea that this is a real deadline. I understand fully, and take completely at face value, the assurances that the Secretary of State gave yesterday that it is a deadline, but there are ways of setting further deadlines and still retaining this one. Things can be fudged in one way or another.

I also take the point made yesterday by my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack), who has been present for virtually all the debate—he has just left his place for a moment. If we get to, say, 20 November and we are almost there, but not quite, is it right to let the whole thing fall? That is a powerful point. Although I can see the point of a deadline, I think that, on balance, the argument put forward by the hon. Member for Belfast, North (Mr. Dodds) carries a lot of weight and we will therefore support the Democratic Unionist party if the matter is pressed to a vote.

Amendment No. 14 is difficult to disagree with. The Government have set so much store by what the IMC is saying.

Lembit Öpik: I am a little surprised by what I think that the hon. Gentleman just said. He said that he would support the removal of the deadlines, if that was pushed to a vote. I am not quite sure why he would do that because, although I am pretty sceptical about the Government's willingness to hold to a deadline, I am absolutely certain that the absence of a deadline would guarantee that we will live with this halfway house of an Assembly for the rest of our natural lives.

Mr. Robertson: The hon. Gentleman was rather scathing about deadlines himself yesterday. I have every respect for this Parliament—I am sure that hon. Members share that view. I have come into the Chamber—in the case not only of this Bill, but the previous Bill relating to Northern Ireland—undecided on how to vote on a number of issues and I have listened to the arguments. Parliament is at its best when hon. Members do that and are not necessarily whipped into one line or another. *[Interruption.]* The Minister is laughing, but I make no apology for listening to the debate, which I am sure that he does regularly. I am not entirely convinced that we are right to support the DUP on amendment No. 10, but having listened to the arguments made by the hon. Members for Montgomeryshire and for Belfast, North (Mr. Dodds), we will, on balance, do so.

Lembit Öpik: The hon. Gentleman has made it clear that his vote is negotiable, so perhaps I can persuade him to swing back towards the case for deadlines. The inference from what he says is that a Conservative Secretary of State for Northern Ireland would not impose a deadline on the interim Assembly. That worries me, so I ask him to think about it. Is he really saying that the antidote to flexible deadlines is no deadline at all? It is my judgment that any Secretary of State for Northern Ireland would have to impose a deadline to get a resolution of the situation.

Mr. Robertson: The hon. Gentleman asks me to speculate about what we would do in government. It is not that far off, so we will have to face up to those questions, but we are not quite there yet. I want to move on from this point because there are other things to discuss, but I will not dodge the hon. Gentleman's question. If he is asking whether no deadline is better than a deadline that is all over the place, I would suggest that it probably is.

Mr. Dodds: Does the hon. Gentleman accept that the amendment would not take away the deadline because the Secretary of State would still be able to remove salaries and stop the Assembly from meeting? However, it would mean that the fall-back position would be much softer than the hard landing with a crash and the complete end of everything that would be effect of the Bill.

Mr. Robertson: I am persuaded by the hon. Gentleman's eloquence. He made the important point earlier that if we were almost to reach the deadline, surely it would be better to let the Assembly to continue to run for a while—at least we would have something—than to get rid of everything. That could lead to full devolution more quickly than would otherwise be the case, so, on balance, we will support the DUP if the amendment is pressed to a Division.

The Government set a good deal of store by what the IMC says and I understand why the Secretary of State quoted from the report extensively yesterday. I would be surprised if the Government opposed amendment No. 14. I accept that the IMC cannot dictate what we do in the House because that is up to hon. Members. However, I also accept that there are worries among the Unionist parties and, probably, the SDLP about going into government with people who have not fully given up violence. It does no one on the Unionist side, including me, any good to pretend that there was no

good news in yesterday's report—no one has suggested that—but it does the Government no good to pretend that the whole report represented a clean bill of health. I quoted at length yesterday the parts of the report that said that senior members of the IRA were still involved in criminality and cited specific expulsions that were still being carried out by the IRA. That was all in the report as well as the good news, so if we are to accept the IMC report, we must accept the whole report. I thus have a lot of sympathy with amendment No. 14, too.

Dr. Alasdair McDonnell (Belfast, South) (SDLP): I intend to be brief. I am not quite as vociferous, or windy, as some of my colleagues and hon. Members on the other side of the Chamber.

Clause 2 provides that if three conditions are met the Secretary of State will make an order of restoration. The conditions are that a First Minister and Deputy First Minister are elected, that persons are nominated as Ministers, and that each of them takes a pledge of office. I am deeply worried about amendment No. 10, because it would make the Assembly open-ended. The Assembly should not be open-ended because that would undermine the concentrated effort that is required to get devolution back in place.

4.45 pm

I note that DUP colleagues have claimed that the Bill means that the 1998 agreement is dead. That is an exaggerated notion of their mandate. We all have mandates and we can all count numbers, but the place to exercise the mandate and count the numbers is on the Floor of the Assembly when it is reconvened.

We oppose any aspect or concept of a shadow, powerless Assembly, because that could last for ever. The deadline is an essential backstop position, which concentrates minds and gets things done.

I fear that amendment No. 1 would set the precondition for restoration whereby Westminster has to legislate for changes to get the First Minister and the Deputy First Minister elected and an Executive formed. There is nothing wrong with the terms and the details that we worked out in 1998; nor was there anything wrong with the agreement reached in 1998. What was wrong was that a number of the parties failed to honour and implement their responsibilities in 1998 and subsequently. I shall not point fingers. Everyone knows who the wrecking parties were, and it was not the SDLP or the Ulster Unionists. Frankly, the problem had nothing to do with the institutions, the regulations, the Standing Orders and the concepts. Rather, it was the outright refusal by the provos to destroy their weapons. To some extent, that was supplemented, aided and abetted by the refusal by some Unionist politicians to share power.

It would be a profound mistake to make changes to the agreement, or the 1998 Act that flowed from the agreement, a precondition for restoration. Of course, improvements can be made to the working institutions. Improvements can always be made and development can always take place. We gave a long list of improvements that we wanted to see at the conference at Leeds castle two years ago. All of them were consistent with the Good Friday agreement. However, such matters need to be worked out on the Floor of the Assembly or on the margins of Assembly meetings, and between the parties involved. I am worried that my hon. Friend the Member for Montgomeryshire (Lembit Öpik), who has always been a good friend and a good supporter of peace and progress in Northern Ireland, has taken up the position set out in amendment No. 1. However, we will have a chance to discuss that later.

I am also deeply concerned about amendment No. 14. Frankly, for the reasons that I outlined, it is unnecessary and irrelevant. The terms will not have been met if we are depending on the IMC. We do not need to hang ourselves on the amendment. I outlined the terms for electing a First Minister and a Deputy First Minister, and for each of them taking the pledge. It appears that the DUP cannot trust itself and will not participate, but we cannot meet the primary conditions of clause 2 without its support. So why do we need an amendment, as a belt-and-braces operation, to ensure that if one of them strays a wee bit, he is pulled back? It is a sort of choke lead.

The DUP is trying to pass the buck for taking up its position. If it has issues with which it wants to deal, let us do that face on, eyeball to eyeball, and, in a gentlemanly fashion, sort them out. We do not need the amendment. Again, the substance of it should be dealt with on the Floor of the Assembly. The amendment makes unreasonable demands and tries to remove the independence of the IMC, an independent body, and suck it in as a partisan political player. We are the political players. Let us sort out the issues.

The amendment also places a loaded gun, so to speak, in the hands of a handful of rogue provos in various places around the country, with the result that half a dozen people can prevent any progress from being made by carrying out systematic disruption that causes the IMC to report negatively on one small case. I do not wish to delay the Committee further. My colleagues and I are opposed to the amendments for the reasons that I have outlined.

Mr. Donaldson: I support the amendments tabled in the name of my right hon. Friend the Member for North Antrim (Rev. Ian Paisley) and my hon. Friend the Member for Belfast, East (Mr. Robinson).

I can assure the hon. Member for Belfast, South (Dr. McDonnell) that the DUP is confident of its position and will remain so. As for being afraid to sit down and talk to the SDLP, we are more than happy to do that at any time. I remind the hon. Gentleman that for years SDLP members ran to the Irish Government with every problem that they had and every issue that they wanted resolved. Off they went to Dublin to get it fixed by the Irish Government, so we will take no lectures from the SDLP about sitting down with our compatriots in Northern Ireland to try to resolve issues.

Dr. McDonnell: Will the hon. Gentleman please explain what he found wrong with our talking to the Irish Government? We have been a consensus-building party for 30 years. I am witnessing the transition from a wrecking party to a party that is trying to be semi-constructive. The Democratic Unionists were in Killarney last weekend. They have been running up and down to Dublin.

The First Deputy Chairman: Order. I ask all hon. Members to direct their comments to the amendments before the Committee.

Mr. Donaldson: We will certainly do that, Mrs. Heal.

On amendment No. 10 and the deadline, I welcome what the hon. Member for Tewkesbury (Mr. Robertson) said. I congratulate him on his excellent contribution to our debates and on the job that he is doing on the Front Bench for the loyal Opposition. I can tell him that he is held in high esteem in Northern Ireland. He is right about the deadline. The history of the process is littered with the wreckage of deadlines that were passed. Even the Belfast agreement set deadlines for decommissioning and other things, and we saw the IRA and the loyalist paramilitaries drive a coach and horses through those deadlines.

My difficulty is that the current position does not give the Secretary of State sufficient flexibility in circumstances where real progress has been made, but we have not quite got there in terms of what is required from the IRA to end criminality and paramilitarism. Are the Government seriously suggesting that in circumstances where we had another IMC report that indicated progress but concluded that some level of activity was continuing, they would pull the plug on the entire process?

The hon. Member for Foyle (Mark Durkan) is right. They would be pulling the plug on the Belfast agreement and all that goes with it. He argued that that would be welcomed by Democratic Unionists. We have proposed changes to the institutions. We tabled the amendment to bring about changes to the Northern Ireland Act 1998 to ensure the effective and efficient operation of the institutions, and especially to ensure proper lines of accountability.

Let us be clear. Our motivation is to ensure that we get it absolutely right. We do not want, as has been suggested by some Members, to delay the establishment of devolution in Northern Ireland indefinitely. Our party is a devolutionist party, and it believes in a local Government in Northern Ireland. As I said earlier, we would gladly form an Executive today with the democratic parties in the Assembly, including the Social Democratic and Labour party. We have clearly stated that, but we have a difficulty with Sinn Fein—a potential member of a future Executive—given its links with the IRA and ongoing IRA criminality. That is a major problem for us, together with the fact that Sinn Fein does not support the police and the rule of law. Those issues must be resolved.

Let me make it clear that indefinite direct rule is not in our interests or the interests of the people whom we represent. Nor are we interested in being part of an assembly that merely discusses issues and does not ever reach the point of forming an Executive. In amendment No. 10, we do not seek an open-ended scenario in which we simply delay, procrastinate and spin things out for years to come. We are realistic: we know that that will not be allowed to happen. However, the amendment gives us a little more flexibility in the process if progress is made by 24 November, enabling the Secretary of State to keep things going for a further period. The basic concept of the Assembly in the format proposed by the Government is to engage people in issues to help to build trust. That is important, but the exchanges across the Chamber this afternoon demonstrate that it is not just a matter of building trust between our party and the republican elements in our society.

Without doubt, there are many issues at the moment, and Unionists have very little trust in Sinn Fein's position. It is clear from the comments of SDLP Members that they do not trust the DUP's bona fides or our position. We are equally disappointed by their approach to the political process in recent years. At times, they try to out-Sinn Fein Sinn Fein; at times, they take a position that is so hard-line and tough that it makes Gerry Adams look like a poodle. That is unhelpful, and they have refused to contemplate sharing power with Unionists unless their big brothers in Sinn Fein are at their side. I wish that the SDLP would learn to stand on its own two feet. Instead of hiding behind the Irish Government and Sinn Fein, it should rely on its own strength and consider serving in government with Unionists. However, I have said enough about the issue.

Mark Durkan: The hon. Gentleman has forgotten that we adopted a clear position on policing. Our position on the Policing Board was not defined or confined by Sinn Fein or anyone else.

Mr. Donaldson: I accept that, and I applaud the position that the SDLP took after many years of refusing to support the police and refusing to take up seats on the Police Authority. Finally, after 30 years, it pressed its agenda and was able to wring out substantial changes to policing in Northern Ireland. It decided that it was going to support the police, which we welcome. However, I am not talking about policing but about the formation of an Executive or a Government for the people of Northern Ireland. I regret very much the fact that the SDLP has not had the courage to step out and do with an Executive what it was prepared to do with the Policing Board.

I do not accept the distinction between the operation of the Policing Board and the operation of an Executive in Northern Ireland. If the SDLP is prepared to serve with Unionists on a Policing Board and take responsibility for one of the most important issues in Northern Ireland, why on earth can it not do that with us on education, health, roads, housing, planning and all the matters that affect the people whom we represent? I would like that to happen, and I await the day when there is genuine power sharing in Down council, so that the DUP can finally get a look-in and secure a senior appointment. It would be nice to see the SDLP exercising real power sharing in places such as Down district, but we are patient and will wait for that day. Perhaps Down district will be able to match what happens in neighbouring Lisburn, the city that I represent, in terms of the parity that we give to the SDLP. Of the 30 councillors on Lisburn council, only three—or 10 per cent.—belong to the SDLP.

5 pm

The First Deputy Chairman: Order. Interesting though that may be, it is not relevant to the amendment.

Mr. Donaldson: I suppose that I was expanding the point a little, Mrs. Heal, but we live and travel in hope that we will get the House's support for the amendment. We are trying to be constructive: we want to ensure that we make progress but with a helpful degree of flexibility.

The Minister of State, Northern Ireland Office (Mr. David Hanson): I begin by thanking the hon. Member for Belfast, North (Mr. Dodds) for stepping in to move the amendment on behalf of the right hon. Member for North Antrim (Rev. Ian Paisley) and the hon. Member for Belfast, East (Mr. Robinson).

We have been debating three issues in connection with the amendment. The first has to do with the deadline at the end of the period proposed in the Bill, and the second relates to the approach adopted by the provisional IRA and others to arms decommissioning and criminality. Thirdly, we debated the issues raised in amendment No. 1, in the name of the hon. Member for Montgomeryshire (Lembit Öpik). I shall deal with each matter in turn.

My first remarks are directed to the hon. Members for Belfast, North and for Lagan Valley (Mr. Donaldson), and to the hon. Member for Tewkesbury (Mr. Robertson), who speaks for the official Opposition on these matters. Yesterday, my right hon. Friend the Secretary of State made it clear that he and the Government as a whole are committed, for clear and appropriate reasons, to setting a deadline for the Bill.

Mr. Dodds: The Minister says that the Government are committed to the deadline, but reports in the media and elsewhere suggest that it is really the Dublin Government who are pushing it, at the behest of some parties. Will he comment on that? Are not the Government here more open minded about the matter than he is trying to suggest?

Mr. Hanson: My right hon. Friends the Prime Minister and the Secretary of State were present in Armagh on 6 April, as were the Taoiseach and I, when these proposals—for this Bill and to restore the Assembly—were brought forward. The Government of the Irish Republic and the British Government are unanimous about the need to include a deadline in this Bill.

From my perspective, I do not think it appropriate for the people of Northern Ireland to expect that the process will remain open-ended for ever. We have to set a deadline, for a variety of reasons. First, it puts on the parties involved the pressure that must be applied if we are to resolve the question of the Assembly. Secondly, the Assembly elections in May next year are rushing towards us. These things tend to go quickly, and even the hon. Members for Belfast, North, for Lagan Valley and for Tewkesbury must recognise that it is impractical and impossible to ask the people of Northern Ireland to vote again for an Assembly that does not sit, and for Members who do not participate in their legislative functions, even though they maintain their strong constituency roles.

For those reasons, we need to set a deadline, and we have picked 25 November. The hon. Member for Tewkesbury said that he will support the amendment moved by the hon. Member for Belfast, North, but that would remove the deadline from the Bill completely. As the hon. Member for Montgomeryshire and my hon. Friend the Member for Belfast, South (Dr. McDonnell) have explained, the absence of a deadline would leave us with an open-ended commitment, with the result that there would be no pressure on the parties to resolve the key issues.

Mr. Gregory Campbell: Does the Minister agree that the point made by my hon. Friend the Member for Belfast, North (Mr. Dodds) still pertains? If the Government want to exert pressure, they retain the power—notwithstanding the amendment—to cease at a stroke all allowances and salaries paid to all Members of the Northern Ireland Assembly. If the Minister wants pressure, that pressure can be applied at any time between now and 24 November, and beyond.

Mr. Hanson: The Government will look at exercising that pressure and that power. However, I cannot accept the amendment moved by the hon. Member for Belfast, North because we believe that we must implement a deadline for the resolution of the Executive election for the offices of First Minister and Deputy First Minister. The deadline has been implemented so that we can secure that election in a reasonable time before 25 November and do what everyone who has spoken on both days of this debate wants to do, which is to take power from the British Government and give it back to the hon. Member for Belfast, North and his colleagues in Northern Ireland. I take the point made by my hon. Friend the Member for Belfast, South that no deadline would mean an open-ended commitment. The deadline is not a threat, and it reflects the political reality of the situation.

I recognise that DUP Members and the hon. Member for North Down (Lady Hermon) need to have trust in the republican movement that paramilitary activity and criminality have ceased, which is key to their entering the Assembly. I pay tribute to the hon. Member for East Londonderry (Mr. Campbell), who clearly expressed that point on Second Reading. I understand that an end to paramilitary activity, criminality and the possession of arms by the IRA is central to entry into the Assembly for the DUP.

As the hon. Member for Tewkesbury recognised, progress has been made, and I shall pick a few quotes from yesterday's IMC report to illustrate that point. Paragraph 2.13 states:

"It remains our absolutely clear view that the PIRA leadership has committed itself to following a peaceful path ... We have noted the remarks by Gerry Adams, President of Sinn Féin"

that

"the war is over and that the movement is committed to the alternative political path."

Paragraph 2.14 states that

"the leadership is engaged in a challenging task in ensuring full compliance with this strategy".

Paragraph 2.15 makes a key point:

"We are not aware of current terrorist, paramilitary or violent activity sanctioned by the leadership. We have had no indications in the last three months of training, engineering activity, recent recruitment or targeting for the purposes of attack."

Finally, paragraph 2.16 states:

"We have found signs that PIRA continues to seek to stop criminal activity by its members and to prevent them from engaging in it."

I recognise that until those matters are fully resolved, DUP Members will have difficulty in entering the Assembly, and I also recognise that the key to their entering the Assembly is the IMC report that will be introduced in October and November this year. However, I cannot support putting that point as a precondition in Bill in the manner suggested by the hon. Member for Belfast, North.

Mr. Laurence Robertson: It would do Conservative Members no good to deny the significant progress in the IMC report, but it does the Government no good to quote selectively, which the Minister has done again. I shall give him the sentence immediately before his final quote:

"We also believe that in a separate incident PIRA itself may have been associated with the forced departure of somebody from the area where he lived."

That is the second of two quotes in paragraph 2.15 about continued expulsions by the IRA. As the Minister knows, other parts of the IMC report mention senior members of the IRA who are involved in criminality. It does not do either side any good to quote selectively.

Mr. Hanson: The hon. Gentleman and I have had a good relationship in the time that we have shadowed each other, and he knows that I do not share his view that I am trying to quote selectively. I recognise that there is still work to be done by the Provisional IRA, but I say to him genuinely and honestly that I believe in the IMC report, and my understanding is that the Provisional IRA leadership are now committed to a political, peaceful role for their ends.

The task for the next few months is to secure that response by all members of the organisation in all parts of Northern Ireland. The IMC report in October or November this year will be critical to the judgments made by hon. Members. I hope that they can have sufficient confidence to go into the Assembly during May on that basis, but I recognise that they probably will not for the reason that the right hon. Member for North Antrim gave yesterday—namely, that the conditions are not right. However, I do not believe that including such provisions in the Bill will assist in making those conditions right. The IMC report is vital in this respect.

Sammy Wilson: Does the Minister accept that it is not sufficient merely for the IMC to say that criminality and so on has ceased, but that there is also a need for those who wish to be involved in the Assembly to give full and unequivocal support to the police? It is a case not only of stopping carrying out criminal activities, but of supporting those who are trying to deal with criminality.

Mr. Hanson: Absolutely; I agree 110 per cent. with the hon. Gentleman. I look forward to the day when Sinn Fein Members—and SDLP Members—take their places on the Policing Board. I hope that the hon. Gentleman agrees that adherence to the rule of law is fundamental to the operation of a democratic society and that support for the police in operating in that legislative framework is important. When we debated the Northern Ireland (Miscellaneous Provisions) Bill, we discussed the way in which we can, I hope, devolve policing and criminal justice in due course. I understand where hon. Members want to get to, how they want to get there, and the barriers that prevent them from participating in the Assembly, but putting in a legislative framework will not meet that objective. They need certain conditions to be met in order for their confidence to be restored and for their trust in the process to go forward. That is self-evident from their speeches yesterday and today.

I do not believe that amendment No. 1, which was tabled by the hon. Member for Montgomeryshire, would add anything to the Bill. I hope that I say that in a helpful mode. Leaving aside the slight oddity of one Bill binding this House to the passing of a further Bill, I cannot see how the amendment would have any practical effect, because the Bill already sets three conditions that must be met before devolution can be restored.

The hon. Gentleman mentioned redesignation and the election of the First Minister and Deputy First Minister. We have acknowledged that several parties have major concerns about institutional matters that they want to be addressed before the restoration of the Assembly. I am happy to have discussions with the parties in Northern Ireland, including the hon. Gentleman's sister party, the Alliance party. We will talk to David Ford and other colleagues to see whether we can get accommodation and agreement between his sister party and the other parties that are represented in the Assembly. That is essential. My right hon. Friend the Secretary of State has already dealt with this point. By definition, the conditions will not be met until legislation is in place.

Lembit Öpik: I am grateful to the Minister for giving the answer for which I was looking. The amendment was merely a probing amendment. Can he confirm that he will be willing to have such meetings with parties that are willing to make that contribution within, say, the next eight weeks? I ask for that because it has taken us a very long time to get from the original correspondence to a situation where the Government are expressly accepting that some things may need to change.

5.15 pm

Mr. Hanson: I am happy to have discussions with the parties. I would not wish, for my benefit, to put a time scale on them at this stage—contradictory as that may seem. The hon. Gentleman knows that as well as dealing with legislation and other matters, we are running Departments in Northern Ireland. The Northern Ireland Office therefore has a heavy work load. I will consider the issues and we will hold discussions. However, on the basis of those reassurances, I hope that the hon. Gentleman will not press his amendment No. 1 to a Division.

I am grateful for the debate, which was helpful, but I hope that the hon. Member for Belfast, North will withdraw his amendment.

Mr. Dodds: I have listened carefully to the Minister's response. I am grateful for his recognition that the IMC report shows work in progress by the IRA. When we listened to some press reports and comments before it was released, it appeared to some of us that there was an attempt to spin it to suggest that no Unionist could now use the IRA as an excuse in the context of restoring devolved Government. The hon. Member for Tewkesbury (Mr. Robertson) was right to say that it is essential to examine the IMC report carefully in the round.

It is clear that progress has been made. As we said yesterday, we believe that the Democratic Unionist party can claim much credit for that. Before our position

became the dominant one in Unionism, there was a view that the way to get the IRA away from violence was to bring it in and let the violence, drug dealing, intimidation and racketeering continue because being in government and having access to power would gradually wean it from all that. In fact, it had power and continued with its violence, racketeering and so on. We have made it clear that there must be an end to all that before the IRA can access power or authority. That strategy is working. Let us continue to keep up the pressure.

The Minister signally failed to answer the question of what was so magical about the deadline of 24 November. He did not provide one reason or argument to persuade people that the process would be complete by 24 November. No one can say when it will be completed. We all hope and pray, for the good of the people of Northern Ireland, that it will be completed sooner rather than later, but how have the Government arrived at the date of 24 November? No one can say that the IRA will have completed the transformation by that date. We therefore believe that it is wrong to pull down the curtain on the prospects of restoring devolution simply because the IRA may not have fulfilled the necessary conditions to allow Sinn Fein to be part of an Executive in Northern Ireland.

The debate has been useful and we shall not press amendment No. 14 to a Division. Although we believe that it would be useful to include such a provision in the Bill, and we will take account of it along with several other issues when those matters are decided, we will not press it today. However, we shall press amendment No. 10, which covers the deadline, to a Division, for the reasons that I have enunciated. I am grateful for the support of the hon. Member for Tewkesbury and his colleagues. We hope that as many hon. Members as possible can join us in the Lobby.

Question put, That the amendment be made:--

The Committee divided: Ayes 64, Noes 256.

Division No. 218] **[5.18 pm**

AYES

Arbuthnot, rh Mr. James
Baldry, Tony
Bercow, John
Bone, Mr. Peter
Brokenshire, James
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Crabb, Mr. Stephen
Davies, Philip
Davies, Mr. Quentin
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Dorries, Mrs. Nadine
Duddridge, James
Ellwood, Mr. Tobias
Evennett, Mr. David
Field, Mr. Mark
Fraser, Mr. Christopher
Gauke, Mr. David
Goodman, Mr. Paul
Goodwill, Mr. Robert
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Herbert, Nick
Hollobone, Mr. Philip
Holloway, Mr. Adam
Jones, Mr. David
Lancaster, Mr. Mark
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Maples, Mr. John
Mates, rh Mr. Michael
McIntosh, Miss Anne
Murrison, Dr. Andrew
Pelling, Mr. Andrew
Penning, Mike
Randall, Mr. John
Rifkind, rh Sir Malcolm
Robertson, Mr. Laurence
Scott, Mr. Lee
Simpson, David
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Walter, Mr. Robert
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim

Tellers for the Ayes:
Mr. Gregory Campbell and
Mrs. Iris Robinson

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brooke, Annette
Brown, Lyn
Brown, Mr. Russell
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Cable, Dr. Vincent
Campbell, Mr. Alan
Caton, Mr. Martin
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clelland, Mr. David
Coaker, Mr. Vernon
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cunningham, Mr. Jim
Dismore, Mr. Andrew
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gidley, Sandra
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hermon, Lady
Heyes, David
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Keeble, Ms Sally
Keeley, Barbara
Kelly, rh Ruth
Kemp, Mr. Fraser
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob

Lepper, David
Levitt, Tom
Linton, Martin
MacDougall, Mr. John
Mackinlay, Andrew
Mactaggart, Fiona
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Öpik, Lembit
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, Mr. Alan
Riordan, Mrs. Linda
Robertson, John
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Teather, Sarah
Thornberry, Emily
Thurso, John
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Willis, Mr. Phil
Willott, Jenny
Wills, Mr. Michael
Winnick, Mr. David
Wood, Mike
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mr. Parmjit Dhanda and
Mr. Dave Watts

Question accordingly negatived.

Clause 2 ordered to stand part of the Bill.

Clause 3

POWER TO MAKE CONSEQUENTIAL PROVISION ETC

Question proposed, That the clause stand part of the Bill.

Mr. Alan Reid: I have serious worries about the sweeping dictatorial powers that the clause seems to give the Secretary of State. I want to know why he believes the powers are necessary, and I should like him to give examples of occasions on which he would need to use them.

The clause provides for the Secretary of State to make, by order,

"any supplementary, incidental or consequential provision"

and

"any transitional or saving provision"

that he considers expedient. Clause 4 states that the powers in clause 3 are exercisable by affirmative resolution unless the Secretary of State considers it expedient to pass the orders by negative resolution.

In other words, if the Secretary of State considers it expedient, he can do anything that he likes. He can amend Acts of Parliament without Parliament having to vote. Before we give the Secretary of State those broad powers, we expect an explanation and some examples of the occasions on which he intends to use them.

Mr. David Lidington (Aylesbury) (Con): I hope that the Minister can give us a few assurances. I listened carefully to what was said by the hon. Member for Argyll and Bute (Mr. Reid) and, when I first read the clause, I shared some of his concerns. I hope the Minister will be able to say that the enabling powers given to the Secretary of State are circumscribed by reference to the purposes of the Bill, and also that they would lapse in any case in line with the time limit in the Bill.

Mr. Hanson: As the hon. Member for Argyll and Bute (Mr. Reid) said, clause 3 allows the Secretary of State to make orders in relation to matters arising as a result of things done under the Bill. It is intended to be used to sweep up any consequential or unforeseen matters relating to, particularly, the recall of the Assembly, the repeal of the 2000 Act, the postponement of elections or the dissolution of the Assembly.

For reasons that I hope are understood by both the hon. Member for Aylesbury (Mr. Lidington) and the hon. Member for Argyll and Bute, the Bill was put together in some haste following the decision of the Prime Minister and the Government to adopt this route. Changes may well be needed that would require primary legislation unless we gave the Secretary of State this power. The power is focused and not meant to have a widespread application. The Bill is short and concise and, in any event, the level of detail required in an order made under clause 3 is not suitable for inclusion in primary legislation. In case there is any misunderstanding, I can assure Members that clause 3 cannot be used to effect changes to, for example, the operation of the institutions as envisaged under the comprehensive agreement of December 2004.

Mr. Dodds: Are any of the changes that the Minister might introduce under clause 3 subject to a resolution of either House, or can they be made simply by Executive order?

Mr. Hanson: In this instance, these are delegated orders for the Secretary of State. As I said, the power applies to particular matters relating to the Bill; it does not have a wider application.

Lembit Öpik: To save time, can the Minister assure me now that our understanding that the Assembly will be entitled to amend and repeal legislation passed during the period of the Assembly's suspension is correct? It would be useful if he could put that on the record.

Mr. Hanson: To return first to the point made by the hon. Member for Belfast, North (Mr. Dodds), such changes will be subject to the affirmative resolution procedure of the House; I hope that that is helpful. On the point raised by the hon. Member for Montgomeryshire (Lembit Öpik), the Assembly can deal with any relevant related matters once it is up and running and has Executive functions, because such functions will relate to matters pertaining to the Assembly's areas of responsibility.

I point out to all four Members who raised issues relating to clause 3 that the Delegated Powers and Regulatory Reform Committee of another place has examined it. As the hon. Member for Argyll and Bute knows, the Committee takes a keen interest in these matters, so if we tried to pull a fast one—as the colloquial phrase has it—it would notice. The Committee's report, available today, points out that the powers in the clause are acceptable, and that another place accepts the principle behind it and the degree of parliamentary scrutiny provided for in clause 4, in accordance with the Committee's views on such powers.

I hope that, in the light of those points, I have reassured the hon. Members for Aylesbury, for Argyll and Bute and for Belfast, North. I look forward to their support for the clause.

Question put and agreed to.

Clause 3 ordered to stand part of the Bill.

Clause 4

PARLIAMENTARY PROCEDURE FOR ORDERS UNDER SECTION 3

Lady Hermon: As I have already put on the record my deep distaste and dislike for, and my disapproval of, giving unfettered powers to the Secretary of State through this Bill, it is not my wish to move amendment No. 19.

Clause 4 ordered to stand part of the Bill.

Clauses 5 and 6 ordered to stand part of the Bill.

Schedule 1

THE ASSEMBLY

Amendment proposed: No. 6, in page 5, line 20, at end insert—

'Assembly control of Orders in Council

7 Paragraph 2 of the Schedule to the 2000 Act is replaced by—

"Parliamentary and Assembly control of Orders in Council

2(1) Except where sub-paragraph (2) applies, an Order in Council may not be made under paragraph 1(1) unless each of the following conditions is met—

(a) Condition 1 is that a draft of the Order has been referred under section 1(1) of the Northern Ireland Act 2006 to the Assembly;

(b) Condition 2 is that a meeting of the Assembly has taken place at which it has had the opportunity to consider the draft of the Order;

(c) Condition 3 is that the Assembly at that meeting has not expressed by resolution passed with cross-community support its opposition to the draft of the Order;

(d) Condition 4 is that the draft of the Order has been approved by resolution of each House of Parliament.

(2) This sub-paragraph applies where the Order declares that the Secretary of State has advised Her Majesty that because of the urgency of the matter it is necessary to make the Order without meeting any of the conditions in sub-paragraph (1).

(3) Where an Order contains a declaration under sub-paragraph (2) it—

(a) must be laid before Parliament after being made; and

(b) ceases to have effect if it is not approved by a resolution of each House of Parliament before the end of the relevant period.

(4) Where an Order contains a declaration under sub-paragraph (2) it—

(a) must be referred to the Assembly under section 1(1) of the Northern Ireland Act 2006 after being made; and

(b) ceases to have effect if before the end of the relevant period—

(i) the Assembly has not had an opportunity to consider the Order; or

(ii) the Assembly has passed a resolution with cross community support expressing its opposition to the Order.

(5) But sub-paragraphs (3)(b) and (4)(b) do not prejudice—

(a) anything done under the Order before it ceased to have effect; or

(b) the making of a new Order.

(6) In this paragraph—

"the Assembly" means the Assembly referred to in paragraph 1 of Schedule 1 to the Northern Ireland Act 2006;

"the relevant period" means the period of 40 days beginning with the date on which the Order is made.'.—*[Mark Durkan.]*

Question put, That the amendment be made:—

The Committee divided: Ayes 51, Noes 234.

Division No. 219] **[5.39 pm**

AYES

Arbuthnot, rh Mr. James
Baldry, Tony
Barrett, John
Bone, Mr. Peter
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Campbell, Mr. Gregory
Clarke, rh Mr. Kenneth
Cormack, Sir Patrick
Davies, Philip
Davies, Mr. Quentin
Dodds, Mr. Nigel
Donaldson, Mr. Jeffrey M.
Duddridge, James
Durkan, Mark
Evans, Mr. Nigel
Fraser, Mr. Christopher
Gauke, Mr. David
Gidley, Sandra
Goodwill, Mr. Robert
Heath, Mr. David
Hermon, Lady
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hughes, Simon
Jones, Mr. David
Lancaster, Mr. Mark
Lilley, rh Mr. Peter
McGrady, Mr. Eddie
Öpik, Lembit
Pelling, Mr. Andrew
Penning, Mike
Reid, Mr. Alan
Robinson, Mrs. Iris
Russell, Bob
Scott, Mr. Lee
Stuart, Mr. Graham
Stunell, Andrew
Teather, Sarah
Thurso, John
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Walter, Mr. Robert
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim

Tellers for the Ayes:
David Simpson and
Dr. Alasdair McDonnell

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Campbell, Mr. Alan
Caton, Mr. Martin
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Coaker, Mr. Vernon
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cunningham, Mr. Jim
Dismore, Mr. Andrew
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, Mr. David
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Heyes, David
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Mr. Kevan
Jones, Mr. Martyn
Keeble, Ms Sally
Keeley, Barbara
Kelly, rh Ruth
Kemp, Mr. Fraser
Khabra, Mr. Piara S.
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Linton, Martin
MacDougall, Mr. John
Mackinlay, Andrew
Mactaggart, Fiona
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, Malcolm
Wills, Mr. Michael
Winnick, Mr. David
Wood, Mike
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mr. Parmjit Dhanda and Mr. Dave Watts

Question accordingly negatived.

Schedule 1 agreed to.

Schedule 2

SELECTION OF MINISTERS

Lady Hermon: I am sure that the Committee will be delighted to know that it is not my intention to move amendment No. 28.

Motion made, and Question proposed, That the schedule be the Second schedule to the Bill:—

Lembit Öpik: I have one question: to clarify what the Minister said before about the Assembly's ability to modify legislation—

Mr. Lidington: That is in schedule 3.

Lembit Öpik: I think that it is to do with schedule 3. I am sorry, Mrs. Heal, to detain the Committee, and I thank the hon. Member for Aylesbury (Mr. Lidington) for putting me right.

Question put and agreed to.

Schedule 2 agreed to.

Schedule 3

NO SELECTION OF MINISTERS

Motion made, and Question proposed, That the schedule be the Third schedule to the Bill:—

Lembit Öpik: I have been thrown into confusion, because I believe that my question relates to schedule 2 after all—*[Interruption.]*

The First Deputy Chairman: Order. I could not hear what the hon. Gentleman was saying.

Lembit Öpik: The point still stands, despite the sneaky Tory trick to get me confused. I want the Minister to clarify one important point. In fairness, thanks to the hon. Member for Aylesbury (Mr. Lidington), who did some considerable research into the matter, our understanding is that that the reconstituted Assembly would be entitled to modify or repeal any legislation that has been passed, including during suspension. I raise that matter because of a previous suggestion that the Assembly could not alter, modify or repeal legislation that has been passed by Order in Council during suspension. Our understanding—I believe that it is that of the hon. Member for Aylesbury—is that the Assembly is not fettered in that way. It is free to modify any of that legislation. That is important because it is extremely clear to me that we need clarity in the debate and on the record in *Hansard*, so that there can be no dispute about this matter when the Assembly seeks to modify legislation.

Mr. Hanson: I am grateful to the hon. Member for Montgomeryshire (Lembit Öpik) for speaking to both schedule 2 and, indeed, schedule 3. I assure him that, when the Assembly is fully restored—I emphasise the words "fully restored"—with an Executive, a First Minister and a Deputy First Minister and its full legislative powers, it can obviously have locus in any matter to do with its responsibilities and it can pass any matter that it wishes. I cannot fetter that potential legislative Assembly in the future by orders that my right hon. Friend the Secretary of State for Northern Ireland or I pass now. I hope that that reassures the hon. Gentleman and that, with that, he will accept schedule 3.

Question put and agreed to.

Schedule 3 agreed to.

Bill reported, without amendment.

Order for Third Reading read.

5.55 pm

Mr. Hain: I beg to move, That the Bill be now read the Third Time.

I thank right hon. and hon. Members for their contributions to the debate. All the contributions have been very positive. The way in which the Bill has gone through the House has been an indication and a signal of where Northern Ireland can go in the future. I commend the Bill to the House and hope that all the politicians in the political parties in Northern Ireland will work together to deliver the opportunity that the Bill provides for self-governance in Northern Ireland again.

5.56 pm

Mr. Lidington: What has been striking about the debate has been the clear readiness on the part of all three of the Northern Ireland parties that take their seats in this House to put the dreadful events of the past behind them, however difficult that step may be, and to look to the future. I hope that, with the passage of this Bill, the remaining major party that has, as yet, refused to take its seats in this House will now accept that it must come and take part and accept the same democratic, peaceful nature of politics that is accepted by all other parties here from Northern Ireland constituencies.

5.57 pm

Mr. Alan Reid: The Liberal Democrats, too, support the Bill and we are pleased that we have reached Third Reading. The only disappointment is that the Government rejected amendment No. 6. Given that all the Northern Ireland parties that are represented in the House supported it, I hope that the Government will think again and, in another place, will table that amendment or something similar. That was the shared will of the Northern Ireland parties and we hope that the Government will give effect to that. The Government have set a deadline of 24 November, which we support. There must be no moving away from that deadline. I hope that the Government will emphasise that that definitely is a deadline.

5.58 pm

Mr. Eddie McGrady (South Down) (SDLP): I welcome the introduction of the Bill and the fact that we are completing its Third Reading. I hope that the tenor of the Bill and of the debate in the Chamber today and yesterday, which showed what happens when there is a willingness to work forward together, sometimes with a sense of humour—perhaps that was absent in the past—will continue. If we bring that to the round-table conferences that we will be having over the next few months, I sincerely hope, on behalf of the people of Northern Ireland, that we can have a new future and a new beginning based on that total trust that we can have in one another. If we fail, it will be because some parties have put party interests before people. I hope that, in this case, the people win and that we carve out the new beginning in Northern Ireland for which we have striven for nearly 40 years. It would be a wonderful achievement if we could do that, not by 24 November, but before the summer recess, because I think that that is possible.

5.59 pm

Mr. Dodds: I am glad to follow the hon. Member for South Down (Mr. McGrady). Yesterday we entered into what I think was a time-sharing arrangement. I would certainly be happy to go even further and enter into a power-sharing arrangement with the hon. Gentleman and his party as soon as possible, even before the summer recess. Certainly we have had a very good debate over the past few days.

As my right hon. Friend the Member for North Antrim (Rev. Ian Paisley) said, we are a devolutionist party. We want devolution. We have challenges ahead of us, but we are determined to try to meet those challenges. We go into this new Assembly in a positive

[Mr. Dodds]

mode. We are glad of the opportunity to debate issues of relevance to the people of Northern Ireland and we hope that we can get full restoration, but there are conditions. The IRA and Sinn Fein must become a fully democratic party. I think that Ministers have recognised that in the debate. We look forward to completing the road that we are now on.

Question put and agreed to.

Bill accordingly read the Third Time, and passed.

Madam Deputy Speaker (Sylvia Heal): Order. Will all hon. Members who are leaving the Chamber please do so as quickly and quietly as possible?

Freemen of Beverley and the Beverley Pasture Masters

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Coaker.]*

6 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): It is a great pleasure to stand in the Chamber and talk about an issue that is of great importance to the people of Beverley: the Freemen of Beverley and the Beverley pasture masters. I plan to speak first about the considerable history of the Beverley pasture masters, move on to the threat to their existence and conclude by discussing how we can ensure that the ancient tradition can be preserved.

As hon. Members may be aware, the town of Beverley is fortunate enough to have some beautiful common land. It is a source of great pride to Beverley residents, and people travel great distances to enjoy it. There are three common pastures in the town: Beverley Westwood, Figham and Swinemoor. Of those, Beverley Westwood is the largest, at more than 600 acres. It was granted to the Beverley freemen in 1380 by the Archbishop of York, Alexander Neville, for the sum of £5. Most people who have visited it would consider that to be money well spent. It is a magnificent landmark for the town and has some interesting history.

As the name suggests, there was once a substantial number of trees on the Westwood. They were frequently felled to provide money for the town and to increase the acreage available for grazing stock. In 1584, the corporation sold more than 1,000 trees, primarily oak and ash. However, new plantations have been established and the replanting of trees is an integral part of the management of the pasture. The Westwood also has a surviving 19th century mill. In 1853, a look at the ordnance survey map would have shown that five corn windmills were in use at that time, and three still exist in part. The tower of one of them, Black Mill, which was built in 1803, is a prominent local landmark.

The Beverley pasture masters are responsible for managing the three common pastures in Beverley. That has been the case since 1836, when the Beverley freemen, concerned that the recently established local council would not look after the pastures properly, petitioned MPs in the hope of establishing a new law that would guarantee independence for the pastures from local government control. They and other freemen from throughout the country were successful. An Act of Parliament, the pasture Act, which made provision for the annual election of pasture masters by the pasture freemen was duly passed. The election is held on 1 March each year and allows for a body of 12 pasture masters to be voted in from among the pasture freemen.

The pasture Act ensured that the common pastures had total independence from local government decision making. No part of the common land can be disposed of for building or any other purposes. The pasture masters also have the power to pass byelaws to ensure better management of the land. As a result, the unique character of the landscape has not been lost.

However, the pasture masters are under threat. To be admitted as a freeman, one must either be born as the son of an existing freeman, or qualify by servitude. If

one serves as an apprentice under a freeman, one can apply to be admitted as a freeman. However, the number of apprenticeships has declined rapidly in recent years and the craftsmen offering them frequently now tend not to be freemen.

We are thus left with qualification by birth. To become a freeman of Beverley in that way, one must be born as the son of an existing freeman. Daughters are excluded. One must also be born in the town of Beverley itself. That is fast becoming a problem. In the 19th century, when the tradition of the pasture masters began, people remained in the same town or village for a lifetime. Generations of one family could be found in one place, which meant that the son of a freeman was almost always born in Beverley itself. Today, however, there is greater mobility. Freemen have left Beverley and their children have been born outside the town, so the chain has been broken. The dilemma was compounded nine years ago when the town's maternity hospital was closed. The only people born in Beverley are those who are born at home.

There are now just 100 freemen left in the town. Of those, more than half are in their 50s and 60s, and many are in no shape to begin childrearing again. The situation has become so serious that last year, Neil Walker, a Beverley freeman, and his wife decided that they would have a home birth for their unborn baby. That was a conscious decision, made in order to ensure that a son was born in the town. Luckily, the newborn child was indeed a boy. However, even now there is no guarantee that the son will want to remain in Beverley for the rest of his life. There is certainly no guarantee that he will want to be a pasture master. There is, therefore, the very real danger that this ancient body will literally die out unless action is taken. That would be devastating for the town of Beverley.

What can be done? Essentially, the problem is down to discrimination against daughters and the requirement that freemen are born in the town itself. The dilemma is not exclusive to Beverley. Many towns and villages up and down the country are affected by that ancient anomaly. What steps have been taken to reverse the injustice? The Minister may be aware that a private Member's Bill, the Borough Freedom (Family Succession) Bill, is before the House. It would give the daughters of people made freemen of a town the same rights of succession as their male siblings. It would also remove any requirement limiting admission to the freedom of persons born within a borough's boundaries, meaning that if a freeman moves away from a relevant borough, his son or daughter could still claim succession even though they were born outside the boundaries.

The Bill has had a tumultuous time in both Houses. It was introduced by Lord Mustill in the other place, first appearing in the 2000–01 Session. It did not progress beyond First Reading. Lord Mustill tried again the following year. This time, the Bill did progress through the House of Lords, and was taken up by the then right hon. Member for South-West Surrey, Virginia Bottomley. However, it did not survive the end of the Session. Fast forward a couple of years to the 2004–05 Session and a new version was taken up in the other place by Lord Graham of Edmonton. It progressed safely through the House of Lords, and was sponsored in this House by the hon. Member for Newcastle upon Tyne, Central (Jim Cousins).

However, the Bill has now reached a crossroad. Despite sailing through its First Reading, it has stalled at Second Reading, which it has been due to receive on three separate occasions, most recently on 17 March. Each time it has been a long way down the list of Bills to be read, and there has not been enough time for full parliamentary debate. Second Reading has been deferred to 20 October, when again it is likely to be delayed.

We therefore have to accept that in all likelihood the Bill will fail. That would be desperately disappointing to the people of Beverley, and to the pasture masters and freemen themselves. They have pinned their hopes on its success. Chris Thompson, chairman of the Beverley pasture masters, said recently:

> "We are running out of freemen. We are down to about 100, which includes 12 pasture masters. We are relying on the Bill to change that situation."

The Beverley freemen have been trying for five years now to let women, as well as those born outside the town, join their ranks, but to do so requires a change in legislation. I want to pay tribute to the region's media—the *Beverley Guardian*, the *East Riding Mail* and the local BBC, all of which have kept a strong focus on the issue and kept it high on the local agenda.

I do not want to test your patience, Madam Deputy Speaker, but I should like the Minister to bear in mind that the issue is not contentious. A change in legislation has wide cross-party support, both in this House and in the other place. Government support would be gratefully received, not just in Beverley, but in the constituency of the hon. Member for Newcastle upon Tyne, Central and across the country. I am aware that Members are not supposed to use an Adjournment debate to call for Government legislation on a particular subject, so I shall hesitate from doing so, but if Ministers were able to find a way of rectifying the problem—perhaps by thinking of a creative way to append it to a major Government Bill at some point—they would be doing a great service to that ancient institution of freemen.

As Lord Graham of Edmonton articulated in the other place in July last year, the freemen are of great sentimental importance to a town. That is certainly the case in Beverley. They are identified with the local community in a way that is much more intimate, continuous and long standing than the exercise of local government franchise or election to local councils. It is a joy in this age to find people who have such a strong allegiance to their community. However, the significance of the freemen is not just ceremonial or sentimental. In Beverley's case, they are responsible for preserving over 1,000 acres of common landscape. It would be a devastating blow to the town if they were to die out. They have been part of Beverley life for hundreds of years. I hope—indeed, I know—that the Minister will bear that in mind when summing up.

6.10 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Jim Fitzpatrick): I congratulate the hon. Member for Beverley and Holderness (Mr. Stuart) on securing this afternoon's Adjournment debate and on raising an issue of importance not only to the Freemen of Beverley, but to

[Jim Fitzpatrick]

other Guilds of Freemen who similarly want to change their rules of admission. I have read the press releases that the hon. Gentleman issued in advance of the debate. The matter is clearly of concern to him and his constituents.

I shall keep my response to the debate very short. I hope, however, that the hon. Gentleman will take comfort from my remarks and not regard their brevity as in any way lessening the significance of his contribution or of the issue raised by him and by my hon. Friend the Member for Newcastle upon Tyne, Central (Jim Cousins).

As the hon. Member for Beverley and Holderness said, my hon. Friend, whom I am pleased to see in his place, is sponsoring a Bill—the Borough Freedom (Family Succession) Bill—which would allow the title to pass to daughters of freemen. Like the hon. Gentleman, I recognise that the procedures for private Members' Bills are such that there is some uncertainty, to say the least, about whether the Bill will make it to the statute book. Having been a Government Whip with some responsibility for private Members' business over a number of years, I know how delicate private Members' Bills can be.

I must say, in honesty and fairness, that having asked my officials to examine the Bill, the Government have grave doubts about whether, as drafted, it would achieve its purpose. As the hon. Gentleman noted, private Members' Bills must overcome considerable obstacles to become legislation, and Government opposition, whether on principle, political or technical, will always prove to be a major hurdle. Nevertheless, we have considerable sympathy with the Bill's objective. I can therefore assure the hon. Gentleman and my hon. Friend that, if and when a suitable legislative opportunity presents itself, we will consider providing for Guilds of Freemen to amend their rights of admission locally.

Mr. Stuart: I am grateful to the Minister. Will he agree to meet me and the hon. Member for Newcastle upon Tyne, Central to discuss such opportunities?

Jim Fitzpatrick: I am happy to accede to that request. Were the hon. Gentleman to seek a discussion, we could explore the technical deficiencies in the Bill, as we see them, and the possibility of moving the matter forward in due course.

Jim Cousins (Newcastle upon Tyne, Central) (Lab): Will my hon. Friend consider whether, if an appropriate amendment could be drafted, the Commons Bill before the House as Government legislation might provide an opportunity to consider these matters?

Jim Fitzpatrick: I am not in a position to give an affirmative response to my hon. Friend. I will take the matter back to the Department and ask officials to examine whether the Commons Bill might be an appropriate vehicle. I do not have that information to hand. Were he and the hon. Member for Beverley and Holderness to seek a meeting, we could clarify the matter.

Jim Cousins: I am grateful to my hon. Friend. Given the timetable of the Commons Bill, that obviously means that for any meeting with him, time would be pressing.

Jim Fitzpatrick: I do not want to build up hopes among colleagues that there may a way of delivering their ambitions by short-circuiting the legislative process. I do not want to give any false hope that we could expedite the inclusion of relevant provisions in the Commons Bill. I said that the Government were sympathetic to the objective and that we would look for a suitable vehicle. However, such an opportunity may not be forthcoming. I am happy to look at the issue and explore it with colleagues because, as I said, we are sympathetic to their objective of enabling the Freemen of Beverley and others like them to change their rights of succession if they wish to do so.

With that assurance, I again congratulate the hon. Member for Beverley and Holderness on raising an issue of great importance to Guilds of Freemen around the country. In doing so, he has provided the House with a flavour of the history and traditions of one of our oldest institutions. I sincerely hope that progress can be made. I am sure that the hon. Gentlemen who have pressed the issue, both in this debate and in a private Member's Bill, will do all that they can to ensure that their endeavours are successful.

Question put and agreed to.

Adjourned accordingly at fifteen minutes past Six o'clock.

House of Commons

Tuesday 2 May 2006

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TRANSPORT

The Secretary of State was asked—

Safety Cameras

1. **Michael Fabricant** (Lichfield) (Con): If he will make a statement on the siting of speed cameras. [66801]

7. **Mr. Lee Scott** (Ilford, North) (Con): If he will make a statement on the siting of speed cameras. [66807]

The Minister of State, Department for Transport (Dr. Stephen Ladyman): The Department's handbook of rules and guidance for the national safety camera programme for England and Wales sets out strict rules and criteria for the deployment of safety cameras. The criteria ensure that cameras are deployed where there is a strong road safety need and where they can make a difference.

Michael Fabricant: But is that really the case? In 2003, prosecutions went up by 44 per cent., yet fatalities fell by only 2 per cent. The Minister says that so-called safety cameras—let us at least call them speed cameras—are placed in order to stop fatalities, yet often, where they are sited at the scenes of car crashes, those car crashes had nothing to do with speed. Will the Minister review where these cameras are sited?

Dr. Ladyman: The hon. Gentleman needs to keep up with events. We have just had a study of the first four years of the road camera partnerships, which shows a 70 per cent. reduction in vehicles breaking the speed limits at fixed sites and a 42 per cent. reduction in people killed and seriously injured at camera sites. No published work anywhere in the world suggests other than that cameras work in making roads safer. They are put where there is a history of speeding and of people being killed and seriously injured.

Mr. Scott: I thank the Minister for his letter to me of 24 April regarding the speed camera at the bottom of the M11 in my constituency. While noting the contents, may I ask whether that camera will at least be repositioned in an area where it may help safety rather than hinder it, because it seems that accidents have continued to rise there?

Dr. Ladyman: Of course, the positioning of all cameras is kept under review. The camera that the hon. Gentleman mentions was put there to enforce a permanent speed limit on that particular part of motorway, where drivers were continuing to ignore the speed limit. The number of people being seriously injured on that stretch of road was not coming down, so a camera was necessary to enforce the speed limit. If it proves unsuccessful in reducing the rate of casualties, of course I would expect its position to be reviewed.

Mr. David Kidney (Stafford) (Lab): In Staffordshire, there are no plans for any new safety cameras in the coming year, yet residents continue to come to me with requests for new speed cameras because of the dangers of speeding traffic. Will my hon. Friend confirm that there is still very strong public support for safety cameras and that there is no obstacle to new ones being erected where there is a need to do so on road safety grounds?

Dr. Ladyman: I can give my hon. Friend that assurance. He will recollect that, in December, my right hon. Friend the Secretary of State announced that, from next year, we would have new rules governing how cameras were sited, with local partnerships having greater flexibility in being able to site cameras where they perceived there to be a threat instead of having to wait until people are killed or seriously injured before they do so. My hon. Friend is right to say that there is very strong public support for speed cameras, especially in towns and near to where children are at risk.

Ian Lucas (Wrexham) (Lab): At the weekend, an eight-year-old girl was killed in north Wales as a result of a road traffic accident. Does my hon. Friend agree that a strong message should go out from both sides of the House that speed and traffic kill and is it not unfortunate that that seems to be becoming an issue on which opposing sides of the House do not agree?

Dr. Ladyman: First, let me express my sadness at the news of the little girl being killed in Wales. I am sure that the sympathy of the whole House goes out to her family.

It is very important that we recognise that all the evidence suggests that speed kills and that it is necessary to have strict enforcement at certain dangerous places to ensure that people are obeying the speed limits. If we do that, we will continue to drive down deaths and serious injuries on our roads, as we have over recent years.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): The Department's research, to which the Minister referred, established that, in some 245 cases, there had been no reduction in casualties following the siting of road safety cameras. What has happened on those sites? In how many cases have the cameras been removed and nothing put in their place and in how many have they been replaced with other safety measures?

Dr. Ladyman: If the hon. Gentleman has specific examples about which he would like information, I shall attempt to get it for him. The Department's study

showed significant improvements in the rate of casualties across most camera sites. The Department has requested the safety camera partnerships to review the siting of all cameras and ensure that they are in the best place, where they can be most effective.

I detect another example of the Liberal Democrats wanting to have it both ways. They appear to oppose safety cameras but, when they talk to some groups, they demand more and more of them.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Minister referred to community safety partnerships' ability to urge the placing of cameras when the strict criteria are not necessarily in place. Is not it true that, on several roads, the high speed and the amount of traffic travelling at excess speed discourage pedestrians and cyclists, and that it would, therefore, be reasonable to locate a safety and speed camera on such a road?

Dr. Ladyman: My hon. Friend is correct. Even under existing rules, road safety camera partnerships are entitled to 15 per cent. flexibility. They have some local flexibility to decide where to site cameras. Under the new rules that the Secretary of State announced in December, they will have much greater flexibility from next year, but they will also have to be accountable to local people for where they have decided to site cameras. They are entitled to do that to encourage pedestrians and cyclists if they wish but they must explain to local people exactly what they hope to achieve and their targets for the site.

Mr. Owen Paterson (North Shropshire) (Con): On 21 March, the Minister said in Standing Committee A on the Road Safety Bill [Lords] that

"the people who deploy cameras must in future either ensure that drivers can see a camera and a speed limit sign in the same field of vision, or put a speed limit on the road as a reminder."—[*Official Report, Standing Committee A*, 21 March 2006; c. 75.]

What practical steps has he recently taken to put that into practice?

Dr. Ladyman: As part of the package that the Secretary of State announced in December, we are publishing new guidance to all the safety camera partnerships, making it clear how we wish signage to be improved. It is vital that motorists can see a speed limit sign in the same field of view as a camera. For legal reasons, it is not always possible to put the speed limit on the camera. The notification of, for example, a 30 mph speed limit is done not by repeater signs but by a road sign when one enters the speed limit area and the presence of lamp posts in a built-up area. We therefore have to be careful about exactly how we proceed but the Department is issuing clear and good guidance about how it should make the signs available.

Rail Freight Interchange (Radlett)

2. **Anne Main** (St. Albans) (Con): If he will make a statement on the proposed rail freight interchange at the former Radlett aerodrome. [66802]

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): It is for the private sector to develop proposals and progress them through the necessary approvals including planning consent. I understand that no planning application has yet been made for the proposal to which the hon. Lady refers.

Anne Main: Large consultation exercises are going on. Does the Under-Secretary agree that, if blight is put on houses—it has already been accepted by Helios and Lafarge, which offered to buy a house but have now rescinded the offer and said that there is no possibility of compensation—and the Government decide to push ahead and grant permission against the wishes of local residents, they should ensure that compensation is provided for any blighted properties?

Derek Twigg: The rules of blight are well established. As far as I know, we have not yet received a planning application. Normal planning procedures will apply and it is not appropriate for me to comment at this stage.

Cycling

3. **Jo Swinson** (East Dunbartonshire) (LD): If he will make a statement on his Department's strategy for (a) increasing cycling journey numbers and (b) reducing cycling injuries and deaths. [66803]

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): The Government set up Cycling England to plan and co-ordinate the development of cycling across the country. Cycling England is supporting local authorities by providing expert advice on the design and promotion of cycling and showcasing best practice in six towns. Measures to improve safety include recommending safety and visibility aids, publicity campaigns, promoting cycle training, and raising motorists' awareness through training and testing.

Jo Swinson: Many people are deeply concerned about the draft revised highway code and the effect that it will have on cyclists. If, as is proposed, it is changed to require cyclists to use cycling facilities, a cyclist involved in an accident with a vehicle might not be covered by the motorist's insurance company due to a contributory negligence claim. Will the Minister give us an assurance that the new highway code will not force cyclists off the road for fear of legal consequences?

Derek Twigg: The simple answer is that it will not.

Mr. David S. Borrow (South Ribble) (Lab): We want to encourage more cyclists to use our roads in urban areas, but I am sure that many hon. Members will have noticed the increasing propensity of cyclists to ignore traffic regulations. They often cycle straight through red traffic lights and over pedestrian crossings. What action is my hon. Friend's Department taking to increase the education of cyclists, and to enforce existing legislation?

Derek Twigg: We have set up Cycling England, which plays an important role in taking cycling forward, and we will see better cycling safety training and driver

awareness. Significant extra sums have been invested, not least in providing safer routes to school to increase the safety of younger people.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): In regard to the point raised by the hon. Member for South Ribble (Mr. Borrow), the House of Lords has recently discussed a proposal for vehicle registration for cycles to encourage cyclists to be more responsible on the roads. What is the Minister's view of that proposal?

Derek Twigg: The key issue is that cycling is a sustainable type of travel that is very good for people's fitness and health, and we want to encourage it. It is also important that we continue to press safety awareness issues and to make them clear to cyclists and motorists alike. Increased investment has been made in cycle training and in developing cycle training programmes, which will be important for improving safety on the roads for cyclists and motorists.

Lynne Jones (Birmingham, Selly Oak) (Lab): What about training for motorists? Instead of trying to confine cyclists to using specific cycling provision, which might be inadequate, will my hon. Friend consider the practice in continental Europe, where far more people cycle? One of my constituents, who comes from France, tells me that the French highway code places the onus on motorists to give cyclists plenty of space. Can we look to best practice in European countries and bring our cycling levels up to theirs?

Derek Twigg: Yes, we can clearly learn lessons from such best practice, and we will do so. The consultation on the highway safety code finishes on 10 May and we will listen to any suggestions and proposals made. I hope that, when the right hon. Member for Witney (Mr. Cameron) cycles anywhere, the Lexus carrying his socks and shoes is far enough behind him.

Transport Infrastructure (Northamptonshire)

4. **Mr. Philip Hollobone** (Kettering) (Con): What discussions his Department has had with the growth areas directorate in the Office of the Deputy Prime Minister on additional transport infrastructure provision in north Northamptonshire. [66804]

The Minister of State, Department for Transport (Dr. Stephen Ladyman): The Department continues to work closely with the Office of the Deputy Prime Minister to agree what the plans for the growth areas mean in detail and how they will affect the Department's investment plans.

Mr. Hollobone: With 52,000 new houses planned for north Northamptonshire in the next 15 years, some respected traffic consultants say that there will be a 75 per cent. increase in vehicle traffic. Local residents are rightly worried about that. The local road infrastructure is already completely inadequate and it will not be able to cope with growth on that scale. Will the Minister undertake to sort out the A14 and advise the Office of the Deputy Prime Minister that large-scale housing expansion cannot take place unless there is a dramatic improvement in the local road infrastructure?

Dr. Ladyman: We recognise that these issues are important and that people wish to be assured that the development of road infrastructure will go hand in hand with the development of new housing. We are working closely with the Office of the Deputy Prime Minister to achieve that. For example, the growth areas fund has provided £60 million in Northamptonshire in recent years, and there will be another £50 million in the next two years, along with £27 million for transport projects from the community infrastructure fund. In addition, a range of other initiatives is ongoing. On top of that, we are considering the region's advice on how we should spend its allocation of funding on transport projects in the overall region.

Railways (Personal Safety)

5. **Mr. Sadiq Khan** (Tooting) (Lab): What recent representations he has received expressing passenger concerns about personal safety on railways. [66805]

The Secretary of State for Transport (Mr. Alistair Darling): The Public Accounts Committee and Select Committee on Transport have both recently examined aspects of personal safety on the railway. The Department has, of course, received a number of approaches on the subject from hon. Members and others.

Mr. Khan: I am grateful for that answer. Balham station in my constituency has the sixth worst crime figures out of all the stations run by Southern Railway. My right hon. Friend is aware of the excellent safer station campaign begun by my hon. Friend the Member for Brent, South (Ms Butler) and the *Evening Standard*. In light of the failure of train operating companies to provide fully staffed stations, and bearing in mind the huge success of British Transport police in making passengers feel safer and in actually making stations safer, what plans does he have to review both the powers and the numbers of British Transport police?

Mr. Darling: As the House is aware, we are considering how best to focus the BTP's activities, primarily with a view to improving safety on stations. My hon. Friend and his colleagues have rightly drawn attention to the importance of making sure that stations are as safe as possible. I think that I am right that Balham station is staffed for the time that it is open, but I hope that the additional BTP officers that we have funded over the past couple of years will also help, as well as the increased use of closed circuit television on both trains and stations. He is right that we should continue to do everything that we can to make stations as safe as possible.

Mr. John Redwood (Wokingham) (Con): What action are the Government taking to examine how passengers can be safer on trains in the event of rapid deceleration or derailment? Is any work going on to secure luggage, to give people the option of a belt, or to improve the design of carriages so that there are fewer hard objects and sharp-edged surfaces, as the difference between the inside of a train and a modern car in the standard of safety is scandalous?

Mr. Darling: Yes, work is going on. Specifically, following the tragic accident and derailment in Berkshire in 2004, the Rail Safety and Standards Board is considering the lessons to be learned. Trains in general are much safer and better constructed than they were in the past. There is a lot of evidence to show that, provided that people remain within the train at a time of rapid deceleration or derailment, they have a better chance of not being injured than if, for one reason or another, they are flung out of the train. In addition to that work, we constantly do everything that we can to use all the modern techniques available to make trains as safe as possible. Self-evidently, trains are different from cars. The right hon. Gentleman has previously raised with me the question of seatbelts, and that is still to be investigated, but I assure him that we are considering that.

Ms Dawn Butler (Brent, South) (Lab): Will my right hon. Friend tell the House what he is doing to get train operating companies to give passenger safety a higher priority? As my hon. Friend the Member for Tooting (Mr. Khan) said, I have been working hard with Silverlink and the Labour-run Brent council to ensure that stations are properly staffed and lit. A clear message must be sent that safety must come before profits.

Mr. Darling: My hon. Friend has done a great deal to highlight the issue of safety in her constituency and in London generally. The rail companies are acutely aware that, if we continue to see more and more people using trains, we must ensure that stations are safe. That is why we have increased significantly the funding available to British Transport police, both to increase numbers of staff, including special constables, and to make capital expenditure available to improve the safety of stations. Train operating companies must also play their role. As I mentioned earlier, closed circuit television is being used on stations and nearly a third of rolling stock has been replaced over the past seven or eight years, much of which has CCTV on board. The mainstream police forces also have their role to play. Nobody in London, particularly after the *Evening Standard* campaign over the past few weeks, can be in any doubt that safety is important. Different approaches must be applied at different stations, but we are right to keep the issue at the front of our minds.

Mr. Peter Bone (Wellingborough) (Con): My constituents are concerned about the ever-increasing number of people using trains from Wellingborough who, when they get on are forced to stand because of overcrowding, which must be a danger to personal safety. What does the Secretary of State have in mind to increase capacity on the Wellingborough-London line?

Mr. Darling: As I have said during the past few Question Times, there is no doubt that, as more and more people use the railways, we must increase capacity on the lines, not just in the hon. Gentleman's area but elsewhere. We have significantly increased capacity on the west coast main line, but there are plans to increase it in other areas as well. The objective must be to make rail travel as safe, and as comfortable, as possible, but if we are to increase capacity significantly we must all sign up to increased investment, because the railways cost money to run. Unfortunately, so far the Conservative party has failed to join us in that.

Rail Safety

6. **Dr. Brian Iddon** (Bolton, South-East) (Lab): Why there is no statutory limit to the number of standing passengers permitted in a train carriage. [66806]

The Secretary of State for Transport (Mr. Alistair Darling): All trains are designed to operate safely and effectively even when fully loaded. Franchise conditions nevertheless require operators to take appropriate steps to deal with the need for passengers to stand.

Dr. Iddon: When my constituent Mrs. Marshall complained about the grossly overcrowded commuter trains between Bolton and Manchester, she received a letter from a customer relations officer at Northern Rail Ltd containing the following statement:

"It is not possible to dangerously overcrowd a train, rail vehicles are designed to operate safely when crush loaded."

Does my right hon. Friend agree with that statement or does he agree with me that, if my constituents are to be persuaded to give up their cars and travel into Manchester by train, statements like that are not helpful?

Mr. Darling: I agree that the letter could have been phrased more judiciously. I think there are times when some customer relations officers could benefit from further training—and, indeed, benefit from the huge increase in the amount that we have invested in further education to improve people's skills and standards.

As my hon. Friend is no doubt aware, the TransPennine Express group will introduce new trains over the summer. That will increase capacity between Bolton and Manchester, for example—I know that there has been concern about overcrowding on that line—and it also demonstrates that if people are prepared to devote the necessary resources to improving the railways, it is possible not only to carry more people but to cater for the greater number who are leaving their cars and using trains. Who knows? The railway companies might even improve their communications.

Ann Winterton (Congleton) (Con): Many trains are overcrowded at peak times. All those people have paid reasonably high fares to travel in that way, so why should they be packed in like sardines? Does the Secretary of State recall that concern has been expressed many times about the transport of live animals? I suggest that the transport of people should receive the same attention and that train companies should be required to do something about chronic overcrowding.

Mr. Darling: I agree with the hon. Lady, but remind her that, if we are to increase capacity to meet the growing demand for rail travel, that will mean spending more money on longer trains and longer carriages.

Ann Winterton: What about extra carriages?

Mr. Darling: Extra carriages are highly desirable, but they cost money. At some stage, therefore, the Conservative party will have to acknowledge that we must continue to spend a considerable amount on the railways if we are to see improvements.

That is not the only thing that is necessary. We can improve the track—which, again, costs money—and we can get more trains running on the line. We can also ensure, by means of better timetabling and better price structures, that those who do not need to travel at peak times can take advantage of lower prices at other times. Our key task, however—especially in the north-west, where the hon. Lady's constituency is—is to make sure that we spend the money that is needed. It cost nearly £8 billion to upgrade the west coast main line. The reason it cost so much is that, during the previous 25 years, hardly any money was spent on it when it should have been spent.

Gwyn Prosser (Dover) (Lab): Rail passenger safety is a matter of concern to all of us. That is why my constituents in Dover and Deal are waiting eagerly for the result of the rail inspectorate's report on Shakespeare cliff tunnels, which will allow the provision of a direct high-speed rail link between London and Dover. Has any progress been made?

Mr. Darling: As my hon. Friend has said, a study is being carried out and I suspect that major works will be necessary, given the tunnel's size. I know that he is concerned about this issue, in that he would like the high-speed train link to extend to Dover. I cannot give him a publication date for the study, but I suspect that it will not be published for some time yet. Obviously, we will need to look at it, because whatever happens, it will probably have spending implications.

Chris Grayling (Epsom and Ewell) (Con): I listened carefully to the Secretary of State and it is true when he says that he is spending £87 million a week on the railways; indeed, he has increased the rail spending budget quite significantly in the past few years. The problem is that, according to the Office of Rail Regulation, between now and 2014 no new trains will be travelling on our railways—there will be no additional passenger train kilometres—and the Government forecast a jump in the number of passengers of some 30 per cent. Does the Secretary of State appreciate that overcrowding is an urgent issue? What projects does he have lined up, starting within the next few years, that will make a difference?

Mr. Darling: As the hon. Gentleman will be aware, the ORR must decide shortly—by the summer of next year, I think—in conjunction with the Government, how much money will be spent on the railways in the period to 2014. Alongside that, we will publish a White Paper setting out our view of the additional capacity needed. As he rightly says, we have doubled rail spending in the past few years—a move that was absolutely necessary and long overdue. Perhaps he will tell us now, or when he comes to the Dispatch Box again, whether he is prepared to match us on rail spending. I see from an interview that he gave to the widely respected and widely read *Coach and Bus Weekly*—

Mr. Speaker: Order.

Chris Grayling: Once again, I ask the Secretary of State a straightforward question and I do not get an answer. The truth is that, if we are to make a difference to overcrowding on our railways, we need action soon, not White Papers or reviews. We need actual projects with time frames and starting dates, so let me ask the Secretary of State again: what projects does he have lined up, as part of the £87 million a week he is spending on the railways, starting in the next two or three years, that will begin to make a difference to overcrowding?

Mr. Darling: We are spending very substantial sums on improving the network to get more capacity out of it and we are making improvements in terms of the amount of money spent on rolling stock. For example, the Bill that will make Crossrail possible is going through the House and there are projects such as Thameslink throughout the country. Unless the hon. Gentleman is prepared to match us on the necessary spending, none of these projects will happen. We have made huge improvements to the railways and it is interesting to note that the Conservatives have both opposed every single penny that we spent in the past and cannot even match us on the money that we need to spend in future.

Chris Bryant (Rhondda) (Lab): Although there are problems with the local train service, my constituents do not normally have to face significant overcrowding on trains. However, there are times when they do: when major international rugby matches take place in Cardiff. At such times, many more people travel by train than usual, many of whom are children travelling with their families, which is great to see. We have seen significant changes in recent years. For example, the British Transport police and others co-operate to ensure better throughput of people, so that they can travel safely. Can we not look more closely at ensuring that proper transport services are provided for big international matches, be they in Cardiff or in London?

Mr. Darling: Yes. The short answer is that improvements can be made. I know that there have been difficulties with providing train services for events at the millennium stadium, and I am sure that the railways can do better.

Rail Fares

8. **Simon Hughes** (North Southwark and Bermondsey) (LD): What assessment he has made of the differences in rail fares between rail operators; and if he will make a statement. [66808]

The Secretary of State for Transport (Mr. Alistair Darling): Regulated fares are monitored to ensure that train operators comply with the limits set for these fares. Other fares are a matter for train operators themselves.

Simon Hughes: Does the Secretary of State agree that a factor that puts people off switching from travelling by car to travelling by train is the very high fares? In some places, fares are nearly 10 times higher than those for comparable journeys on mainland Europe. Moreover, in some parts of Britain, people pay four times as much to travel with one company as others pay to travel the same distance with another company. Will the Secretary of State take a serious look at the issues of cost and confusion and try to establish a proper fare structure that provides an incentive to travel by train, rather than a disincentive?

Mr. Darling: We need to keep fares under constant review, but given that more and more people are choosing to use the railways, that tends to suggest that they want to use them, are using them and can afford to do so. Indeed, if he compares the prices charged in this country with the rate charged per mile in continental Europe, he will see that many of our fares compare very favourably, and that many are in fact better. He should avoid simply concentrating on the walk-on first-class and standard fares, because many other fares are a lot cheaper than that. When zonal charging is introduced in London, which will affect his constituents, people travelling from one London zone to another will pay the same rate, no matter which part of London they are travelling in. I am sure that his constituents will very much welcome that.

Mr. John Grogan (Selby) (Lab): Does my right hon. Friend agree that some of the most competitive rail fares are offered by Hull Trains, the open-access operator that serves Selby, among other places? Does he welcome the rail regulator's decision to allocate three paths on the east coast main line to Grand Central Trains, another open-access operator? That will link some towns and cities in the north-east and Yorkshire to London for the first time, and also offer much more competitive fares for the journey from York to London.

Mr. Darling: I agree that Hull Trains does operate some good services and offer fares that are cheaper than the alternatives. However, I repeat that we must also have regard to the effect that the recent decision in respect of Grand Central Trains will have on Great North Eastern Railway's ability to provide its services, especially the half-hourly service that it wants to provide to Leeds. That is being looked at, and it may be possible to reach an agreement that allows Grand Central Trains to operate and also allows GNER to fulfil its obligations in providing that service to Leeds. It is important to remember that the network has to work as a whole and that it is not possible to look at one service in isolation, although most people using Hull Trains greatly appreciate the services that it provides.

Stephen Hammond (Wimbledon) (Con): In his response to my hon. Friend the Member for Epsom and Ewell (Chris Grayling), the Secretary of State revealed that the Government have few plans, if any, to increase capacity, for we all know that Thameslink has no start date or funding. In the past year, however, there have been price rises that passenger groups have described as "eye-wateringly" high. Are not those rises evidence that the Government have only one strategy to combat over-capacity, and that is to price passengers off the railway?

Mr. Darling: No, that is not right. As I said earlier, the range of prices offered on different routes across the network is quite wide. Some first-class, walk-on fares are expensive and have gone up, but other fares are much cheaper in real terms than they were, say, 10 years ago. Then, passenger revenue—the money coming from passengers expressed as a percentage of spending—was at 85 per cent. Today it is 57 per cent., which shows that the taxpayer is paying more now than under the previous Conservative Government.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): The Secretary of State will have noticed that, to take advantage of cheap fares in this flexible system, one has either to be a computer geek or aged about 13. Will he suggest to some of the train operating companies that they could undertake the revolutionary task of making it possible for people to find out when and how often cheap fares are available?

Mr. Darling: I would not claim to be the sort of expert that my hon. Friend describes, but I did not find it too difficult to discover, for example, that the cheapest return fare from London to Birmingham is £20, to Leeds is £19, and to Edinburgh is £25. On any view, those fares are fairly cheap. It is true that first-class or walk-on fares are higher, but we are trying to strike a reasonable balance between what fare payers must pay and what the general taxpayer must pay. The most important thing is to ensure that we continue to spend the money needed to have more trains and so increase capacity on the track. We will set out our plans in the 2007 spending review. If we are to continue to have a railway that serves the interests of passengers in Britain, we will have to maintain that funding, not year on year but decade on decade.

Heathrow Airport

9. **Dr. Vincent Cable** (Twickenham) (LD): To what extent Government decisions on the number of permitted flights at Heathrow are informed by projected levels of carbon dioxide emissions. [66809]

The Secretary of State for Transport (Mr. Alistair Darling): The current limit of 480,000 air transport movements a year at Heathrow is a condition of the 2001 planning consent for terminal 5 and was fixed primarily on grounds of noise. We believe that the best way of ensuring that aviation contributes to the goal of climate stabilisation is through a well designed emissions trading scheme, which is why we are pressing that in Europe and internationally.

Dr. Cable: I welcome the Government's commitment to the CO_2 emissions trading system, but as it will not become effective until 2012 at the earliest, would not it be useful if the existing cap on flights at our major airports were to serve wider environmental purposes as well as narrow, local concerns?

Mr. Darling: I appreciate the hon. Gentleman's concern about the level of carbon dioxide at Heathrow and other airports, which is due not just to aircraft but also to other activity—the air quality at Heathrow is affected by the amount of traffic, primarily on the M25 and the M4.

A range of things can be done. As the hon. Gentleman knows, the fuel efficiency of aircraft has improved by 50 per cent. over the past 30 years; today's aircraft are about 75 per cent. quieter than in the 1960s. Other measures are being taken at Heathrow to improve air quality and if road pricing is introduced in this country that, too, will reduce the overall level of harmful emissions in the environment. In relation to aircraft, it is important that we do everything we possibly can—whether it be looking at landing charges or the emissions

trading scheme—to reduce the amount of CO_2, which, as the hon. Gentleman says, is a matter of legitimate concern.

Mr. Edward Garnier (Harborough) (Con): As the Secretary of State knows, aircraft movements at Heathrow are under his control, because Heathrow is a designated airport under the Civil Aviation Act 1982. Fairness requires that an airport that is even busier than Heathrow was when it was designated—namely, Nottingham East Midlands airport—should also come under the Secretary of State's control. Will he bear in mind that the air pollution littered all over Leicestershire is just as bad as the air pollution that covers the constituency of the hon. Member for Twickenham (Dr. Cable)? Does not he think that it is high time that the Department for Transport got its head round the environmental pollution that is wrecking Leicestershire just as much as it is wrecking west London?

Mr. Darling: The hon. and learned Gentleman is quite right to say that we should be concerned about the environmental consequences of airports and aircraft, but the east midlands economy has greatly benefited from the presence of the airport. It has created jobs and a lot of freight arrives there, so whether we are considering the east midlands airport or Heathrow, it is important to strike a careful balance, to ensure that we meet our environmental obligations while recognising the economic importance of such airports, which are well used by the hon. and learned Gentleman's constituents and others.

A47

10. **Mr. Keith Simpson** (Mid-Norfolk) (Con): What criteria his Department is using to assess the need to dual the A47 in Norfolk. [66810]

The Minister of State, Department for Transport (Dr. Stephen Ladyman): The Department is not currently assessing the need to dual the A47 in Norfolk. The A47 was assessed through the Norwich to Peterborough multi-modal study, which reported that dualling was an issue for the longer term, but that some sections should be reviewed towards the end of the decade.

Mr. Simpson: Many of my constituents will find that disappointing and unsatisfactory, in particular Mrs. Andrea Jackson, whose son was tragically killed on the A47 at the Mattishall junction just west of Norwich. I accompanied her to No. 10 to hand in a petition signed by 10,000 local people from a small area in mid-Norfolk, urging the Secretary of State and the Prime Minister to consider, at the very least, remedial action at that junction, which the Highways Agency has been looking into for some time. Surely, death and injury must be the most important criteria, so I am sorry to say that the Minister's answer was not satisfactory.

Dr. Ladyman: Remedial action at a particular junction is one thing; a requirement for us to dual an entire stretch of road, over many, many miles, is another thing entirely. We are indeed looking at the report into the tragic accident to which the hon. Gentleman referred and when we have completed our review of it we will report to him and the local community on how we shall make that junction safer. Safety is one of the factors that we take into account, but only a limited amount of money is available. Of the £1.9 billion for the three years up to 2007–08 that the Highways Agency will spend on the entirety of English trunk roads, fully a quarter will be spent in the east of England so the hon. Gentleman and his constituents are actually doing rather well.

Mr. Henry Bellingham (North-West Norfolk) (Con): Is the Minister aware that one of the worst parts of the A47 is the stretch through Middleton and East Winch in my constituency? Both parish councils have been pressing for a dual carriageway bypass for many years. When can they expect action from the Government?

Dr. Ladyman: As I have just explained, the multi-modal study suggested that a case may be made for certain parts of the A47 to be considered for dualling at the end of the decade. Currently, there are no short or medium-term plans for dualling along its entire length. Considerable improvements have been made already to parts of the A47, but we must balance the priorities across England and, indeed, across the east of England—and currently, the region and the local county councils are not suggesting to us that dualling the entire length of the A47 is a priority.

Sea Transport of Goods

11. **Mr. Jim McGovern** (Dundee, West) (Lab): What steps the Government are taking to support the transport of goods by sea. [66811]

The Minister of State, Department for Transport (Dr. Stephen Ladyman): The Government have introduced several measures to support the transport of goods by sea, including water freight grants, of which £22 million has been awarded since 2000 for shipping projects. A further measure—the tonnage tax—provides certainty and clarity about tax liabilities for those shipping companies that choose to opt into the regime.

Mr. McGovern: The Minister may be aware of a recent report from an organisation called Sea and Water, which suggests that, until road pricing is introduced, which would impose a fair charge on hauliers, there is a case for the Government to support more businesses that wish to transport their freight by sea. That view certainly has support in Dundee, where the Michelin tyre factory, which employs more than 600 people from Dundee and the surrounding area, has real concerns about the reduction in ferry crossings on the Rosyth to Zeebrugge route from five to three sailings a week. What plans do the Government have in the short-term to ensure a level playing field in the near future between businesses that transport freight by road and those that do so by sea?

Dr. Ladyman: My hon. Friend will realise that specific support for the scheme that he mentions would come under the responsibilities of the Scottish Executive, so I cannot comment too much on that, other than to say that the Department for Transport and the Scottish Executive collaborated to provide £11 million to start that ferry route. He makes a very fair point, however, in

saying that we must encourage the movement of goods by sea. Short-sea shipping needs to be considered as an important option for people who need to move goods. That is why we have the freight facilities grant scheme, which is making substantial sums of money available to people who consider short-sea shipping as an alternative to road transport.

Vehicle Emissions

12. **Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): If he will make a statement on progress being made in lowering the average level of emissions per vehicle. [66812]

The Secretary of State for Transport (Mr. Alistair Darling): Since the early 1990s, pollutant emissions from petrol cars have reduced by around 95 per cent. Diesel cars have delivered up to 80 per cent. reductions. Over the same period, the average level of CO_2 emissions from new cars has fallen by about 11 per cent. The House may be interested to know that Britain's top 10 best-selling cars are all cleaner than the Lexus.

Danny Alexander: I am grateful to the Secretary of State for that reply, but as the UK still has the fourth highest emissions from new cars in the European Union, will he impress on the Chancellor of the Exchequer the need for much stronger incentives for fuel-efficient cars with the banding of vehicle excise duty, while assisting the drivers of such vehicles in remote and rural areas, where a car is a necessity and fuel prices are at the highest, by taking advantage of the derogation allowed under EU law to decrease fuel duty in such areas?

Mr. Darling: On incentives, the changes that the Chancellor made to the company car tax regime have resulted in a much more fuel-efficient fleet. We are also introducing the renewable transport fuel obligation, which will result in the equivalent of 1 million cars being taken off the road.

On the present voluntary agreement among European car manufacturers, the time has now come for us to consider mandatory agreements, because not enough progress is being made and most people would expect car manufacturers right across Europe to make cars cleaner than they are at present.

Ormskirk Bypass

14. **Rosie Cooper** (West Lancashire) (Lab): When he expects work on the Ormskirk bypass to begin. [66814]

The Minister of State, Department for Transport (Dr. Stephen Ladyman): We are currently considering the north-west region's advice on the priority that it attaches to this and other major transport schemes in the region within the indicative funding allocation for major transport schemes that were announced last July. We expect to respond to the region's advice later in the year.

Rosie Cooper: Can my hon. Friend give me his assurance that Government resources are available for high-priority local transport schemes that have not been included in the regional transport priorities plan, such as the Ormskirk bypass in my constituency? Will he meet with me and Lancashire county council to discuss the future of the Ormskirk bypass?

Dr. Ladyman: I am well aware of my hon. Friend's support for that scheme. She has been a doughty campaigner for it since she entered the House. I am hesitant to give her the entire assurance that she is looking for, since the county council has made the scheme only its second priority and we are still talking to the region about its priorities, but I understand her desire to see the scheme move ahead and if it would help her to understand the issues, I would be happy to meet her to discuss them.

DUCHY OF LANCASTER

The Chancellor of the Duchy of Lancaster was asked—

Civil Service (Diversity)

21. **Lyn Brown** (West Ham) (Lab): If he will make a statement on progress with increasing diversity within the civil service. [66793]

The Parliamentary Under-Secretary of State for the Cabinet Office (Mr. Jim Murphy): The civil service has made good progress towards increasing diversity, including at senior levels, but there is still much more to do. We have published and are implementing the diversity 10-point plan. Its aim is to build on the progress so far to deliver a civil service that is truly representative of society.

Lyn Brown: Does he agree that the lack of informal personal networks, and therefore a resultant lack of information about processes, can disadvantage communities? What does he think that we can do to make the playing field more equal?

Mr. Murphy: I agree with my hon. Friend and I know how interested she is in these issues. More can be done, but there has been progress over recent years, as I am sure that she would be first to acknowledge. Among the initiatives being undertaken are a summer development programme for black and minority ethnic citizens and a summer placement scheme for those who are disabled. In particular, we can do more to reach out to those networks of people who lack a formal education the first-time round—those who are seeking a second chance in life—and to try to make the civil service an attractive career option for people who lack the formal and informal networks that she speaks of.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Does the Minister agree that it would help the Government's diversity agenda, and the recruitment of women in the civil service, if there was a civil service Act to protect them from being asked to do things that they do not consider appropriate? Does he think that female recruitment and progression will be helped or hindered by the recent revelations from the Office of the Deputy Prime Minister?

Mr. Murphy: The fact is that we waited 148 years for even a draft civil service Bill. We now have that Bill. The hon. Gentleman will just have to be a little more patient when it comes to the Government's specific consideration of a civil service Act. There is, of course, a consultation on the civil service code. Many thousands of people have participated in that and it has been very helpful. Just to reassure him—because I know how genuinely interested he is in these matters—when his party was last in power, 17 per cent. of the civil service were women, but the figure is now up to 29 per cent. That is remarkable progress, but we accept that much more needs to be done.

Information Technology

22. **Kitty Ussher** (Burnley) (Lab): If he will make a statement on the Government's transformational strategy for information technology. [66794]

Mr. Murphy: Information technology is an essential component of the Government's programme to deliver and reform public services. As I announced on 29 March to the House, the implementation plan for the transformational government strategy has been published.

Kitty Ussher: I thank the Minister for that response and I welcome the transformational work that has been done, but does he not agree that there is not much point in people being able to sort out their tax and benefits online, if they cannot afford a computer? Will he therefore commit to doing more to improve IT access and, in particular, broadband access in poorer communities, such as those that many of my constituents live in?

Mr. Murphy: My hon. Friend has raised these matters before and she is right to do so. Partly in the social exclusion unit and also in the Cabinet Office, we are working to ensure access to wireless broadband, in particular. Many of the households concerned do not have a fixed telephone line, so wireless broadband access is really important for many of our constituents across the country. I have seen projects around the country, such as Eastserve in east Manchester, which serves the type of community that she mentions. In addition, there are about 6,000 UK online centres, which enable low-cost access to the internet for those who do not have the opportunity, as yet, to have computers and broadband access at home.

Justine Greening (Putney) (Con): I am very pleased to hear that the Minister is developing a transformational strategy for IT, but many of my constituents who are struggling to get their child support payments through the new CS2 system, which is, in many respects, performing worse that the original CSCS system, will find it laughable that the Government are trying to transform even more IT systems. The Government's progress on transforming systems has been a disaster—does the Minister agree with that?

Mr. Murphy: No, I would not agree with that at all. The Child Support Agency is under the management of a new operational improvement plan that is being undertaken, and the Department for Work and Pensions and EDS are working together on a serious problem. No one on either side of the House would suggest that there has been anything other than a serious systems failure. However, the hon. Lady's constituents and mine will realise that most Government projects that are enabled by IT do work, such as the payment modernisation programme, tax self-assessment and the internet job bank. As we further drive the transformational Government programme, we will increasingly rely on well-defined, well-structured and well-costed IT-enabled projects to make public services more relevant and personal to the citizens whom we all serve.

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): My hon. Friend rightly welcomes local initiatives to encourage people's access to computers. Is he aware of the Shoreditch digital bridge, which is being formally launched next week? What support are the Government giving such local projects that bring IT and access to technology into people's living rooms in an innovative way?

Mr. Murphy: I am not aware of the specifics of the Shoreditch bridge, but will be happy to become acquainted with it and, if the opportunity arises, to make a visit so that I can listen and learn. There are innovative projects throughout the country. I visited the Western Isles of Scotland, which is at the geographical periphery of this United Kingdom, where IT-enabled projects are helping to maintain schools and education, helping an island population to play their part in that and enabling a crofter, of all industries, to maintain his business. There are thus excellent examples. It is important that we learn from good experiences so that mistakes are not replicated and best practice can be copied throughout the country.

Mr. David Heath (Somerton and Frome) (LD): The most transformational thing that the Minister could do would be to get IT systems to talk to one another across the Government, or even, say, in one Department. Let us take, for example, the Home Office, which wants to keep a database of the personal details of every person in the country. Does the Prison Service computer talk to the immigration and nationality directorate computer? Does either communicate with the police national computer or the Courts Service computer? If none of those things happens, can we go back to an easier technology, with each prisoner's file having a big red stamp on the front reading, "Don't release—deport"?

Mr. Murphy: The hon. Gentleman makes his point in his own way. The fact is that we have challenges regarding IT systems, many of which were previously constructed in silos. We need to ensure that across Government the systems talk to each other coherently and sensibly. There are practical examples of that happening. I do not know whether the hon. Gentleman has had a chance to do this, but I visited a project in Leamington Spa in which all those involved in the criminal justice system are enabling such conversation to take place and thus delivering for the people of the area. The hon. Gentleman is right that we have to approach data-sharing in a way that ensures that we cut

across operational boundaries and have effectiveness in government, but that we do so sensitively to protect individuals' liberty and privacy.

Cyber Security

23. **Mark Pritchard** (The Wrekin) (Con): If he will make a statement on co-ordination of cyber security within Government. [66795]

Mr. Murphy: The central sponsor for information assurance is responsible for the UK Government strategy for information assurance. It provides a co-ordination role by looking at the work being done across the Government and identifies gaps and overlaps and works to address them.

Mark Pritchard: I am grateful to the Minister for that reply, but is he confident, given that al-Qaeda has admitted to wanting to create aggressive viruses, that our critical energy infrastructure and military and intelligence services systems are fully robust against any aggressive viruses and terrorism?

Mr. Murphy: I know that the hon. Gentleman takes a keen interest in these matters and that, previously, he has rightly and appropriately declared a remunerated directorship of an internet company. I know that he is to meet officials from the Civil Contingencies Secretariat next week to discuss the specific points that he has raised. Such work is being done on a cross-party basis and I think that that is the right way to progress.

Apart from the terrorist threat online that the hon. Gentleman has rightly raised, and without wishing to appear complacent, our current assessment is that the greatest e-enabled threat to our system is from criminal gangs operating online. We are taking strenuous steps across government and with the business community to address the real dangers that exist.

Andrew Miller (Ellesmere Port and Neston) (Lab): My hon. Friend will be aware of the work of the Information Assurance Advisory Council. He will be aware also that the national high tech crime unit and others liaise with IAAC on issues related to information security. Does my hon. Friend agree with me that other Government Departments can learn lessons from the private sector? Will he encourage active participation between Government Departments and IAAC, which is chaired by Dame Pauline Neville-Jones?

Mr. Murphy: I know that my hon. Friend takes a real interest in the subject. Indeed, I had the opportunity to discuss these matters with him and his constituents when I visited his constituency last year. He is right to say that Government have much to learn from industry, but the private sector has much to learn from Government. It is not a competition about who has the most to learn from whom. We are in this together—the public sector and the private sector. That is why projects such as Get Safe Online are important because they encourage people to take a common-sense approach to their personal finance and to apply that approach to their online existence. There is a great deal going on and we are determined to work with the business community, as my hon. Friend suggests.

Anne Main (St. Albans) (Con): On a point of order, Mr. Speaker

Mr. Speaker: If the hon. Lady will give me a moment. I inform the House that the ten-minute Bill will not be moved today.

Points of Order

3.30 pm

Anne Main (St. Albans) (Con): On a point of order, Mr. Speaker. Last week, the Home Secretary made a statement regarding the removal and deportation of foreign nationals. I asked the right hon. Gentleman a specific question, which was whether people who had committed a serious sexual offence were put on the sex offenders register before they were released, which is vital if we are to be confident that the registers can help our local police forces. The right hon. Gentleman replied:

"I assure the hon. Lady that precisely the same procedures on the sex offenders register applied to foreign nationals whom she has described as apply to anybody whom commits a sex offence.—[*Official Report*, 26 April 2006; Vol. 445, c. 588.]

Given the rather alarming news that has appeared in some of our newspapers that the police have no details on their registers, has the Home Secretary made any effort to come to the House to correct any reports on these matters?

Mr. Speaker: The hon. Lady will know that an urgent question was applied for today. She shakes her head, so perhaps she does not know. However, the application was made. It was refused on the ground that the Home Secretary assures me that he will be making a statement tomorrow. Perhaps the hon. Lady should try to pursue her question tomorrow.

Miss Julie Kirkbride (Bromsgrove) (Con): On a point of order, Mr. Speaker. I would be grateful if you were to advise the House on the application of the ministerial code, especially as it applies to Parliamentary Private Secretaries. You might be aware, Mr. Speaker, that the hon. Member for Ealing, North (Stephen Pound), a PPS at the Home Office, has demanded the resignation of a Cabinet Minister,—not his boss but the Deputy Prime Minister. Will you tell us, Mr. Speaker, whether the idea of collective responsibility applies to the ministerial code and whether the Member for Ealing, North might be considering his position?

Mr. Speaker: The hon. Lady has been in the House for some time now. She might know that the ministerial code is a matter for the Prime Minister and not for the Speaker.

Orders of the Day

Finance (No. 2) Bill

(Clauses Nos. 13 to 15, 26, 61, 91 and 106, Schedule 14, and new Clauses relating to the effect of provisions of the Bill on section 18 of the Inheritance Tax Act 1984)

Considered in Committee.

[SIR ALAN HASELHURST *in the Chair*]

Ordered,

That the order in which proceedings in the Committee of the whole House on the Finance Bill (No. 2) are to be taken shall be: new Clauses relating to the effect of provisions of the Bill on section 18 of the Inheritance Tax Act 1984, Clause 61, Clause 26, Clause 91, Schedule 14, Clause 106 and Clauses 13 to 15.—*[Dawn Primarolo.]*

New Clause 1

APPLICATION OF SECTION 18 IHTA 1984

'Notwithstanding any provision of this Act, section 18 of the Inheritance Tax Act 1984 (transfers between spouses) shall continue to apply to transfers of value between spouses to the extent to which they are exempt transfers under the provisions of that section.'.—*[Mrs. Villiers.]*

Brought up, and read the First time.

The Chairman of Ways and Means (Sir Alan Haselhurst): With this it will be convenient to discuss the following: Amendment (c) to the new clause, in line 1, leave out from 'Act' to end of line 4 and insert—

'all transfers of value made on or after 22nd March 2006 which would have been exempt under section 18 of the Inheritance Tax Act 1984 (transfers between spouses) if made immediately prior to 22nd March 2006 shall continue to be exempt.'.

Amendment (a) to the new clause, in line 2, at end insert—

'written into trust by will, life assurance policy and lifetime gift'.

Amendment (b) to the new clause, in line 3, after 'spouses', insert 'and civil partners'.

New clause 2—*Application of section IHTA 1984 (No. 2)*—

'Notwithstanding any provision of this Act, section 18 of the Inheritance Tax Act 1984 (transfers between spouses) shall continue to apply to transfers of value written into trust by will, life assurance policy and lifetime gift to spouses and civil partners for two years until—

(a) a full consultation has been undertaken about the operation of that section;

(b) a Regulatory Impact Assessment of the operation of that section has been completed; and

(c) the impact of the Act on transfers of value written into trust through wills, lifetime gifts and life assurance policies has been calculated.'.

New clause 3—*Application of section IHTA 1984 (No. 3)*—

'Notwithstanding any provision of this Act, all transfers of value made on the death of a person on or after 22nd March 2006 but before 6th April 2008 which would have been exempt under section 18 of the Inheritance Tax Act 1984 (transfers between spouses) if made immediately prior to 22nd March 2006, shall continue to be exempt.'.

3.35 pm

Mrs. Theresa Villiers (Chipping Barnet) (Con): I beg to move, That the clause be read a Second time.

The aim of the new clause is to ensure that husbands and wives continue to be free of the burden of inheritance tax when they transfer property to each other; to ensure that nothing in the Bill narrows the operation of the long-established spouse exemption from inheritance tax in section 18 of the Inheritance Tax Act 1984; and to ensure that all transfers covered by section 18 before Budget day will continue to be covered, regardless of other provisions in the Bill, including schedule 20. I am not sure that the Government are minded to accept new clause 1, but if they do so, my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) will wish to move amendment (c). The Opposition are happy to support that amendment, and hope to press the matter to vote, as it has the same general goal as new clause 1, but has more watertight drafting. In the unlikely event that new clause 1 and amendment (c) are accepted there would still be a number of significant problems with schedule 20, to which the Opposition propose to return in Committee.

Chris Bryant (Rhondda) (Lab): The hon. Lady said that her new clause applies to spouses. For the avoidance of doubt, will she accept amendment (b), which could improve it by including civil partners?

Mrs. Villiers: The hon. Gentleman makes a very good point, which I have already taken on board. In my view, section 103 of the Finance Act 2005 means that new clause 1 covers civil partners as well. Essentially, section 103 and the related delegated legislation give civil partners in this context the same rights as spouses. If we solve the problem for spouses, we automatically solve it for civil partners, too.

The Opposition believe that it is vital to save the spouse exemption for husbands, wives and civil partners for the reasons that it was introduced in its present form by the Callaghan Government in 1975—to reflect society's concern for the welfare of bereaved spouses, and to mitigate severe hardship when matrimonial homes had to be sold to pay the tax bill. There are two new modern reasons to reinforce the need to retain the exemption. The first has already been raised by the hon. Member for Rhondda (Chris Bryant). It is important to preserve the spouse exemption for civil partners, to whom it has only just been granted. As I said, if we are successful today in protecting spouses, section 103 of the Finance Act 2005 will protect civil partners. Secondly, rising house prices, particularly in London and the south-east mean that many more middle-income families are caught by inheritance tax, and could therefore be hit by the changes in the Bill.

The Law Society recently conducted a survey asking its members which of their clients would be affected. I shall quote just a few of the answers. They were people from

"every walk of life—teachers/nurses/engineers/computer professionals/office workers/ bank staff/engineers/manual workers—anyone who lives in their own home in the South of England ... police officers ... Civil servants, local government officers, doctors ... shopkeepers: retired people of moderate means who have been prudent ... office managers ... self-employed small business men and women (taxi drivers, carpenters, joiners, plumbers, builders, decorators). Ordinary families working hard to pass saved income to children. Second-marriage couples with an average-priced property wishing to make flexible arrangements for spouse and children. All types, not necessarily high earners but prudent savers and budgeters. Any couple with a 3 bed detached or 4 bed semi who have young children. Regular middle income earners. A whole range of ordinary people—people who have tried to work hard and save for their children's future."

Ann Coffey (Stockport) (Lab): Will the hon. Lady tell me at what level she proposes to set inheritance tax?

Mrs. Villiers: We are not talking about the bands of inheritance tax—that is not the debate—but about new additional and penal inheritance tax charges that will apply to circumstances that are now altogether free of inheritance tax.

On Second Reading, the Paymaster General said that the measures on trust proposed in the Bill were aimed at preventing "wealthy individuals" from

"using trusts ... to shelter their wealth from inheritance tax."—[*Official Report*, 24 April 2006; Vol. 445, c. 460.]

However, trusts seldom give rise to any tax advantages whatever; they are generally tax-neutral. As the impressive coalition of professionals campaigning against these measures has pointed out, the trusts penalised by the Bill are generally motivated by unobjectionable non-tax objectives: family and social objectives, which will become prohibitively expensive as a result of the proposed measures.

Since estate duty was introduced in 1894, trusts have received broadly the same tax treatment as outright gifts. For example, under current rules, a gift on a flexible trust to a spouse, with the remainder going to children at the age of 25, is taxed in the same way as an outright gift of the property to the spouse, which is then passed on to her children on her death. Thus, the tax exemption means that no tax is charged on the first death, but the capital is charged at the full rate when the surviving spouse dies and the property passes to the children.

Far from removing some sort of privileged status, as the Paymaster General claimed on Second Reading, the Government are effectively proposing to introduce additional new and penal tax charges on trusts, treating them more harshly than an outright gift. The Chancellor is actually tearing up a 100-year consensus, repeated only recently by the Revenue in its attempt to maintain a tax system for trusts that does not provide artificial incentives to set up a trust, but equally avoids artificial obstacles to using trusts where they would bring significant non-tax benefits.

Before Budget day, section 18 of the Inheritance Tax Act 1984 exempted gifts on trusts to spouses in exactly the same way as the system operated for outright gifts and transfers. Unless the Bill is amended, it will become almost impossible to set up a trust for a spouse without losing the exemption, as it will incur an immediate inheritance tax charge on the death of the first spouse. The spousal exemption will survive only in cases falling under the definition of an immediate post-death interest, complying with six very narrow and restrictive conditions set out in the new section 49A of the 1984 Act, as proposed in schedule 20.

No one has yet been able to say with certainty how the six opaquely drafted conditions will apply in practice. It seems clear that severe problems will be caused by conditions 1, 3 and 4. Condition 1 states that the gift must take effect by will or intestacy. That means that spouses will no longer be able to set up trusts for one another during their life time without incurring the new charges. A particular concern is that it is not clear that condition 1 will be satisfied where a trust has been established not under a will, but under a pension policy or death in service arrangements, leaving the threat of the new charges applying in those circumstances.

Condition 3 requires that the power to terminate the surviving spouse's life interest is exercised only by the spouse or with the spouse's permission. That sounds technically innocuous, but the net result is that a significant number of trusts created on divorce would fall outside the provisions of condition 3, with the risk of the new charges applying.

Condition 4 provides that the life interest for a surviving spouse will qualify for the exemption only if, following its termination, assets pass absolutely to the beneficiaries. With very limited exceptions, if the property remains in trust after the death of the live tenant, the spouse exemption will not apply. The net effect of those conditions is that, if there is any flexibility in the trust, the spousal exemption is lost and a bereaved spouse or civil partner will face an immediate inheritance tax bill.

Mr. Michael Fallon (Sevenoaks) (Con): Given that we are dealing either with divorce or the death of one spouse, which is more likely to be the man than the woman, is not the net effect of the restrictions effectively to penalise women rather than men?

Mrs. Villiers: My hon. Friend makes a powerful point. The measure will impact with disproportionate harshness on women.

Because of the rule against flexibility, the spouse exemption will be lost in virtually every case where a trust is set up. Until Budget day, a lawyer who drafted a trust without flexibility might easily find herself on the end of a negligence suit. Indeed, flexibility in trusts has been considered so important that Parliament specifically inserted flexibility into trusts via section 32 of the Trustee Act 1925. The Government's response is to say that if people want to keep their spouse exemption, they can change their wills or vary existing trusts and opt for outright gifts or the restrictive trusts that comply with the conditions that I have just outlined in the new section 49A, but this is not an adequate answer.

The proposals will have a disproportionate effect on many people who, for family reasons—not for tax reasons—do not wish to make outright gifts to their spouse. These people face the invidious choice between making arrangements that they believe are inappropriate for their family's welfare, or facing an unwelcome extra tax bill that could require the family home to be sold.

3.45 pm

Helen Goodman (Bishop Auckland) (Lab): Can the hon. Lady explain what sort of family reasons those would be?

Mrs. Villiers: Certainly. I will come to that in a moment.

Flexibility is built into modern trusts to help people deal with the complexity of family life in modern Britain and provide responsibly for the future of their families. The Law Society survey to which I referred earlier reported one of its members as saying:

"I prepare at least one will every week of my working life—the majority of my clients who have set up life interest trusts in their will do so to protect children from a first marriage whilst looking after the second spouse or as protection for the children of the same marriage—all this talk of tax evasion is nonsense. The traditional family set-up is no more—trusts have evolved in line with this—it is a shame that the Government has sought to undermine this."

Typical everyday instances where people set up flexible trusts include, as the quote suggests, the need to provide both for a spouse from a second marriage and for the children of a first marriage. A trust can be an invaluable aid in achieving the difficult task of mediating between the interests of step-parents and stepchildren. Trusts are also used to provide for children when a surviving spouse is young and likely to remarry and possibly have children from a subsequent marriage, or to enable trustees to continue to look after the interests of a spouse when old age may mean that mental capacity is affected, or when people are not confident enough that they can foretell all the family circumstances that will apply in a few years. One must remember that wills may be made well in advance of death and in the expectation that they will hold good and provide the right answer for many years to come.

Helen Goodman: Can the hon. Lady explain why a person would want to set up a trust, rather than changing their will if, for example, they got married again or had more children? I do not see the need for a complicated trust device with special rules.

Mrs. Villiers: The trust allows the testator to split the property between his second spouse and his children in a way that he believes is sensible and balances their interests. The typical arrangement is for the second spouse to be given access to the income from the property and the right to live in a property, but for the capital to be preserved and passed on to the children on death.

The legislation ignores the realities of modern family life. Trusts provide an invaluable prop for those who are juggling the competing and sometimes conflicting interests of different family members—a prop that the Government wish to kick away. As Stephen Pallister of solicitors Charles Russell pointed out:

"Thinking of the numerous and obvious reasons why a spouse might leave their estate for the other on death—health, financial difficulties, unstable personality, second marriage and wanting to preserve the capital for the children of a first marriage, etc.—this is a gross mistake by the Government."

Even if people are prepared to sacrifice the flexibility that I have mentioned to avoid the new charges, there are further flaws in the Government's argument that there is no problem with their proposal because people can change their wills or trusts to prevent the new charges from applying. The first problem is that the power to vary the trust is exactly the type of flexibility that the Government seek to outlaw through the restrictive conditions on receiving the spousal exemption, so it seems odd that they are defending their actions by encouraging people to use the system that they propose effectively to outlaw.

[Mrs. Villiers]

Secondly, many variations can be carried out only by going to court—for example, where children are involved—which may not give people permission to vary the trust. The costs of a High Court hearing in the chancery division are prohibitive and will not be justifiable in most of the cases covered by the new rules. Furthermore, there must be a question mark over how well the courts will cope with the significant burden of hearing so many cases.

Frankly, it is not easy to see exactly what tax problem the Revenue is targeting with its proposals. It has indicated informally that its concern is a situation in which the surviving spouse gives up their life interest and distributes all assets to the trust for the next generation. If that is the Revenue's concern, then it is attacking the wrong target. It is not the flexibility in the trusts that allows people to reduce their tax bill in the situation that I have outlined, but the use of the potentially exempt transfer system, which exempts the transfer of the life interest from inheritance tax, if the spouse survives for seven years after they have given up the life interest.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): Is it not the case that setting up trusts is just a way for a few wealthy individuals to avoid paying inheritance tax?

Mrs. Villiers: As I have said, setting up a trust does not provide inheritance tax advantages. People set up trusts in order to look after their families.

Rather than clobbering all flexible trusts, why not retain the current, long-established rules for trust taxation, which have worked well, but provide that if a spouse's life interest terminates during their lifetime and the assets pass to a continuing flexible trust, then it automatically gives rise to a chargeable transfer, in which case the potentially exempt transfer regime does not apply? That would achieve the result that the Revenue wants more effectively, and it would do so without inflicting the collateral damage of infringing on people's freedom to provide prudently for the future of their families in the way in which they want to and of requiring 1 million wills to be rewritten. We are prepared to work with the Government and expert groups to draft a targeted amendment along those lines.

The Paymaster General (Dawn Primarolo): The hon. Lady has acknowledged that any transfer to a spouse is exempt. Will she explain why somebody would set up a trust during their lifetime to transfer assets that are exempt from inheritance tax to their spouse?

Mrs. Villiers: The problem in relation to the creation of lifetime trusts is not nearly as serious as the problem in relation to the creation of trusts on death, because the creation of lifetime trusts is much more unusual. The significant problem concerns the limitations on someone's right to set up a trust on their death.

Dawn Primarolo: As the hon. Lady has acknowledged, there will be no change to the rules on the transfer to the spouse on death of all interest in all property. Those rules will not be changed at all by these arrangements, so what is the point that she is trying to make?

Mrs. Villiers: The Paymaster General is right that there is no change to the rules on making outright transfers to the spouse. The Government propose to change the rules where trusts are set up for spouses, which is a significant restriction of the spousal exemption. Section 18 of the Inheritance Tax Act 1984 explicitly refers to the ability to set up trusts, and the Paymaster General proposes to limit the ability of people to set up such trusts.

Ann Coffey: Will the hon. Lady explain to the Committee why she feels comfortable in supporting trusts that protect the wealthiest members of our society from paying inheritance tax?

Mrs. Villiers: Trusts protect a wide range of some of the most vulnerable people in our community. If Members do not believe me, they should think back to my quotations from the Law Society—from people who are working on the ground managing people's arrangements for their wills. It is probably in the interests of lawyers for the proposals to go through, because everyone will have to go to them to get their wills changed, yet they care so passionately about the ordinary, middle-income, hardworking, prudent people whom they represent that they are campaigning against the changes in order to enable them to continue to be able to set up the trusts they wish.

Mr. Philip Dunne (Ludlow) (Con): I am sure that my hon. Friend is aware that for the past six or seven years every solicitor practising family law who has been asked to draw up a will has recommended to their clients that in the event that they have children or have been divorced, or both, it is in their interests that their will is written into a trust, irrespective of the value of assets in their estate. Moreover, given that average house prices are approaching the point whereby several years hence the majority of estates are likely to fall within the inheritance tax net, we are talking not about the rich but about householders.

Mrs. Villiers: I am grateful to my hon. Friend. For many years, it has been a standard part of more or less every will drafted for a family to include a trust because those arrangements make sense in balancing the different interests of different family members.

While I am broadly sympathetic to the objectives of the Liberal Democrat amendments, I prefer the approach taken in new clause 1 and amendment (c). I appreciate the importance of safeguarding the interests of civil partners, but new clause 1 and amendment (c) already cover that when read in conjunction with the existing legislation.

On new clause 2, I agree that postponement of the measures to give time for consultation and reflection would be very welcome. Amendment (a) and new clause 2 refer to life assurance. On Second Reading, the Chief Secretary said that life assurance policies 'are not affected by the Bill. If that is the Government's aim, I am not convinced that they have yet achieved it. Although

reassurance on the point was rushed into the explanatory notes at the last minute, Kevin Martin, president of the Law Society, later disclosed:

"The Revenue has confirmed to us that the Finance Bill does indeed contain nothing on this. There is no specific exclusion for life policy trusts as has been widely claimed. Millions of wills and life policy trusts may be caught."

The Revenue's assurances on life policies seem to be based on the view that premium payments are not additions to the trust because they are made pursuant to the terms of the policy contract. That contested view of the legal position is scant comfort for the policyholders who could be hit with the new IHT charges. Skandia Life has said that as many as 4.5 million people could be affected. In any event, life policies settled on accumulation and maintenance trusts would still be affected. The problem has not been solved, and I hope that the Government will consider taking appropriate measures to tackle it in the Bill.

I urge the Government to accept new clause 1 and amendment (c) and reverse their decision to impose new inheritance tax charges on trusts for spouses and civil partners. I urge them to scrap all the penal new inheritance tax charges that they are proposing. First, no proper consultation has taken place on these new taxes. The Chancellor left them out of his Budget speech and the Revenue failed to mention them in the entirety of a detailed two-year consultation process that it carried out on the taxation of trusts. Secondly, these taxes are retrospective. They apply to existing wills and trusts, many of which will be expensive, difficult and in some cases impossible to amend. Thirdly, no effective assessment has been made of their impact. Upwards of 1 million wills of ordinary working people may need to be reviewed and rewritten, with all the huge costs that that would entail. Finally, they would amount to a tax on prudent families and impact harshly on thousands of ordinary, hardworking people whose only crime is to provide responsibly for their families and to plan for an uncertain future.

If these harsh new tax proposals are anything to go by, the future that middle England faces in Brown's Britain is more uncertain and grim than ever.

4 pm

Chris Bryant: I intend to speak briefly because I want to make only two points.

First, although the hon. Member for Chipping Barnet (Mrs. Villiers) sounded reasonable, she exaggerated the need for any changes to the Government's proposals. Indeed, the hon. Member for Ludlow (Mr. Dunne), who perhaps owns property that far exceeds the expectations of any of my constituents, gave the game away when he said that half of all properties in Britain will soon—in a matter of a few years—go over the threshold. Not a single property in the Rhondda sells at £300,000. The idea that 50 per cent. of estates in the next few years will reach £325,000 is extraordinary. The hon. Gentleman's mathematics need to be better because between 94 and 96 per cent. of estates do not reach that threshold today and will not do so with the increases in the threshold that the Bill proposes.

Mr. Dunne: Clearly, I am not familiar with property values in the Rhondda, but I know those in my constituency of Ludlow, where the average property value exceeds £200,000. I understand that the average property value in the south-east of England exceeds £300,000.

Chris Bryant: The hon. Gentleman can speak for his constituency, but I dare to suggest that if he considers the whole country, his statement that 50 per cent. of estates will be valued at more than £325,000 in the next few years is a gross exaggeration.

When the hon. Member for Chipping Barnet gave her list of teachers, fire officers and others, she appeared to suggest that all of them—every teacher in the country—will suddenly have to put together a new will and a new trust. She clearly has not met teachers in my constituency, or in the majority of constituencies, who will not get anywhere near the £325,000 figure. Consequently, her comments constitute scaremongering, which is an inappropriate approach to the Bill.

Secondly, the reason for my opposition to new clause 1 and my wholehearted support for the Government's proposals is that there are two alternative directions of travel in which we can move on inheritance tax. One is to undermine inheritance tax—not necessarily by pledging to abolish it, but by suggesting that one disagrees with it and would like to abolish it even if one does not have the gumption to say so. On the other hand—I may be about to step into old-fashioned shoes—some of us believe in inheritance tax for the simple reason that the greatest source of inequality and inequity in British society is inherited wealth. If we do nothing, especially when the wealthiest in our society are doing extremely well, to undermine the progress towards greater inequality, we undermine the fabric of the society in which I want and choose to live.

The hon. Lady was wrong to table new clause 1. We need to do what the Government propose and try to ensure that there are not many different ways of exempting oneself from inheritance tax and that there are not ways that are especially available to the wealthiest in society, who can afford expensive consultants on tax and other matters.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Will the hon. Gentleman give way?

Chris Bryant: Of course I give way to the hon. Gentleman, whose honour itself is inherited.

John Thurso: The hon. Gentleman is too kind. I quite understand the logic of his argument, but will he tell me whether he would like the Government to remove all exemptions to inheritance tax and to apply it to everyone across the board with no exceptions?

Chris Bryant: No. This is another area in which the hon. Member for Chipping Barnet exaggerated earlier. She seemed to suggest that spouses and civil partners were suddenly going to face a new problem in relation to inheritance tax. I do not believe that to be true; it is an exaggeration. However, the Paymaster General might want to clarify the one genuine point that the hon. Lady raised when she described the situation of someone who remarries and wants to ensure that some of their property goes to the children of their first marriage, and

[Chris Bryant]

that the second wife is happy with that arrangement, as is often the case. Perhaps the Paymaster General could clarify precisely how that will still be possible.

To return to the question that the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) asked me, of course there should be exemptions, and the most important are those for spouses and civil partners.

Mr. John Redwood (Wokingham) (Con): Is the hon. Gentleman saying that prospects under Labour are so poor in his part of the world that no one there will ever reach the inheritance tax threshold?

Chris Bryant: No. The right hon. Gentleman misunderstands the economy of south Wales, just as he did when he was Secretary of State for Wales. I must point out to him that there are more people in paid employment with good prospects today because of the national minimum wage, which he opposed. However, if I continue in that vein, Sir Alan, you will tell me that I am straying somewhat from new clause 1, and I did promise to draw my remarks to a close fairly swiftly.

Inheritance tax is about paying a fair share, and the proposal by the hon. Member for Chipping Barnet tries to undermine the concept of a fair share. We are right to oppose new clause 1.

Julia Goldsworthy (Falmouth and Camborne) (LD): As we have heard, there is a divergence of opinion on what the Bill means. The Red Book suggests that only £15 million would be raised by the changes to inheritance tax and trusts, and that the new regulations would affect only a small number of people. However, the evidence given to the Treasury Committee by John Whiting suggested that the changes would affect a lot of everyday arrangements and a huge number of individuals. *The Times* suggested that they would affect 100,000 families and the Society of Trust and Estate Practitioners went further, estimating that at least 1 million wills would be affected. The society also estimated that the average cost of rewriting a will was £250. If we multiply that by 1 million, we see that the cost to individuals of rewriting their wills would stand at £250 million, while the benefit to the Treasury of the changes would be £15 million. It is easy to see the disparity between the number of people likely to be affected and the amount of money raised.

Skandia estimated that up to 4.5 million life insurance policies could be affected by the changes, because so many families have life insurance policies written into trusts. Given that the nil rate band does not stay in line with inflation, more and more families will be drawn into the lower end of the system. Therefore, it is not only those who presently fall into the inheritance tax band who will be going back to their solicitors to change their life insurance policies. This will also affect people who are unsure at what point in the future their estate might fall into the inheritance tax band.

Ann Coffey: Will the hon. Lady tell us at what level her party proposes to set inheritance tax?

Julia Goldsworthy: I am very pleased to tell the hon. Lady that we [illegible]tly be announcing a fundamental review of the taxation system, in which all will be revealed. That review will look into making the taxation system fairer and more progressive.

Dawn Primarolo: When the hon. Lady announces the outcome of that review, will it contain the principle that the rules apply to everyone and that no one is allowed to get round them? If so, how would her party enforce them?

Julia Goldsworthy: As I said, the system will be fairer and simpler. The hon. Members for Rhondda (Chris Bryant) and for Chipping Barnet (Mrs. Villiers) do, in fact, agree on something. Fundamentally, the issue raised by new clause 1 is that of spouse exemption and whether that is changed by the Bill. There is a real lack of clarity, and all the new clauses and the amendments to them are intended to make the situation clearer. Even if the Paymaster General argues that it is already clear, members of the public and professionals have a different interpretation of what the regulations mean.

I can see the good intentions of new clause 1, but its argument is slightly circular—that anything exempt under the new Act will continue to be exempt—and does not make sense. The amendment tabled by the hon. Member for South-West Hertfordshire (Mr. Gauke) improves his Front-Bench team's phrasing and overcomes that tautology. New clause 2, tabled by Liberal Democrat Members, extends that and calls for a further period of time to have elapsed so that the implications of the legislation can be made absolutely clear, not least for individuals who have died since the Budget either intestate or with their will written into trust. At the moment, the cases of those individuals are subject to considerable uncertainty. I am glad that the hon. Member for Rhondda approves of amendment (b), which, for the avoidance of any doubt whatever, makes it clear that civil partners will also fall under the spousal exemption.

New clause 2 seeks a delay in the implementation of the Act until its impact is fully assessed and understood. Debate in the House and outside shows continuing disagreement about the extent of that impact. Making it explicit that a full consultation will take place would be appreciated, as that did not happen before the proposals in the Bill were put forward. I understand that a partial regulatory impact assessment has been undertaken, but the new clause would ensure that there would be a full regulatory impact. Is the Paymaster General prepared to publish that partial regulatory impact assessment before the relevant clauses are considered in Committee? Will she also provide longer-term projections of the revenue that she estimates the measures will gather? The Red Book gives only a limited time scale and shows that, according to the Government's estimates, the amount of money will be small. Clearly, the professionals think that the opposite might be the case. All the measures in new clause 2 would help to inform the public and make clear what the impact and the revenue implications for the Treasury will be.

As I said, new clause 3 echoes the theme of the amendment tabled by the hon. Member for South-West Hertfordshire and extends it. As well as making it absolutely clear that there will be no retrospection for applied transfers of value written into trust made prior

to 22 March, it makes provision for people who have died intestate with dependants since 22 March. Currently, their estates are in limbo, and it is not clear how the new regime will apply to them. Fundamentally, it preserves the existing rules of exemption for two years until the new system and its implications are fully established. It also sorts out what happens in relation to people who die in the intervening period.

Surely the fundamental anomaly is that, under the existing regulations, someone can still make a lifetime gift free of inheritance tax if they do not die within seven years. That has not been redressed by the Bill. The changes proposed by the Bill impact on people who are not cash-rich, cannot make cash gifts in kind and thereby avoid inheritance tax, and have houses that have increased greatly in value in the many years that they have lived in them. In my constituency, for example, average house prices are increasing so rapidly, and the gap between house prices and incomes is so great, that more and more households are falling into inheritance tax.

Can the Paymaster General be explicit about what mischief has been done that the Government are trying to overcome, and about their assessment of the impact of any avoidance under the existing trust regime? Will the Government respond to the Treasury Committee's request that they should provide detailed information about how they arrived at their estimate that the new rules on the tax treatment of certain trusts will affect only a "minority of a minority" of the 100,000 discretionary trusts? Will they do that before clause 57 and schedule 20 are considered in Committee?

If, as the Government claim, existing spouse exemptions and other reliefs from inheritance tax will continue to apply when a trust is set up in the case of an individual with dependants dying intestate, can they explain why the professionals beg to differ? Can they specify where that is explicit in the Bill, and can they clearly demonstrate why the new clauses and the amendments to new clause 1 are not necessary? Along with the professionals and many members of the public, I would welcome more clarity, certainty and evidence-based policy-making in this regard.

4.15 pm

Mr. Redwood: My hon. Friend the Member for Chipping Barnet (Mrs. Villiers) has identified an extremely important problem, which the Government would be well advised to take seriously.

I do not expect to be a beneficiary of any trust of this kind. I have created no such family trusts in my own family. I no longer have a spouse, so I have no direct interest in that context, either. I sought and gained a clean-break divorce settlement, so the divorce did not trigger the establishment of any trust. I therefore believe that I have approached the matter with independent judgment.

Having exercised my independent judgment, I conclude that there are many people of modest means who, quite legitimately, have taken advice and set up trusts to look after their family interests. In many instances, that was done not on the advice of people who said that it was a tax-efficient way of doing things, but on the advice of those who said that it was the best way of protecting family interests against competing claims within the family—the best way of meeting the legitimate needs and requirements of the children, as against the legitimate needs and requirements of a new spouse or another relative. It might not always be a case of family breakdown; other relatives could be involved, such as grandparents, grandchildren, aunts or uncles. There are numerous combinations for which trusts make a great deal of sense.

One answer that we need to tease out of the Government involves the extent to which the legislation appears to be retrospective. We would all feel easier about it if the Government recognised that over the past nine years they have presided over a tax and legal regime that made it perfectly rational and sensible for families to organise their affairs through trusts. Now they seem to be blowing the whistle. I consider that the Government are legislating retrospectively, in practice if not technically, when they say that they do not like the arrangements that people have made to deal with future events and force them to change those arrangements—arrangements that were made on the basis of good advice and were legal and sensible under the law of the time, which happens to have been approved and supported by this Government over the past nine years.

Rob Marris (Wolverhampton, South-West) (Lab): I understand what the right hon. Gentleman is saying. Did he support the Inheritance Tax Act 1984? As I recall, that Act changed the previous regime of capital transfer tax to the current inheritance tax regime and was open to the very criticisms that he is now making in regard to retrospectivity and people who plan for the future.

Mr. Redwood: I did not support it because I was not a Member of Parliament at the time. *[Interruption.]* I am telling the hon. Gentleman the truth. I did not support the legislation, and I dare say that if it contained an element of retrospection I would—as a well-known independent voice—have pointed it out.

The Economic Secretary to the Treasury (Mr. Ivan Lewis): The right hon. Gentleman was a member of the Cabinet.

Mr. Redwood: The Minister may recall that I resigned from the Cabinet over matters of principle because I had reached a point at which I did not agree with that Government. The Minister has walked into a heffalump trap of his own making: I am not the person to tease over sticking to my principles.

Mr. Lewis: The right hon. Gentleman wanted to be leader.

Mr. Redwood: It was a long time ago, but if the Minister reads my resignation statement he will see that my resignation was not about that; it was about issues of disagreement between myself and the Government. I hope that he will withdraw his uncharitable remark about my wishes on that occasion.

I hope that the Paymaster General will deal with the issue of retrospection. In this and earlier debates, a number of Members have drawn attention to the high cost, for families of modest means, of going over ground that they thought had been resolved at the time of the

[Mr. Redwood]

original trust settlement—when the grandparents made their offer, when the divorce was agreed, or when something else triggered the arrangement.

The Labour party seems to want to stretch the debate to discover what are the general intentions in relation to inheritance tax. I know that you are very careful to maintain order, Sir Alan, but I will say this: of course I think that a much higher threshold for inheritance tax would be helpful generally and would deal with some of the problems that we seem to be encountering across the Floor today.

Helen Goodman: If the right hon. Gentleman thinks that, can he also tell us whether agrees or disagrees with the right hon. Member for West Dorset (Mr. Letwin), who says that equality is a problem in this regard? How does the right hon. Member for Wokingham (Mr. Redwood) reconcile those two ideas?

Mr. Redwood: I am a great believer in equality of opportunity, and the way to have a much richer and more prosperous society is to give greater freedom and to set lower taxes, so that more people can participate in such prosperity. That is exactly the point that I was trying to tease out of the hon. Member for Rhondda (Chris Bryant). I hope that he is proud to represent his constituency and that he expects some of his constituents to use the opportunities provided under even a Labour Government to build businesses and buy properties, for example, in order to become more prosperous, thereby coming into the tax regime that this Government have so carefully designed to entrap them.

Chris Bryant: The trouble is that when inherited wealth is allowed to ride untrammelled across society, it is much more difficult to achieve equality of opportunity.

Mr. Redwood: I do not think that that is true; indeed, there are many examples to the contrary. I have not inherited any wealth up to this point and I do not have great prospects in that regard, but I do not begrudge those who come from much richer families than mine doing so. If that money trickles down through the generations, it very often does far more good than if it trickles into the sticky hands of the Chancellor of the Exchequer, which seems the only alternative on offer in today's debate.

It would be much better if the inheritance tax system recognised that a person is not very rich just because they have a flat or house that might now be worth a lot of money. There are a number of elderly residents in Kensington and Chelsea living in two or three-bedroom flats that are perhaps worth the best part of £1 million who might be on quite low incomes. Is the Labour party saying that those people must move to realise their asset and to show that they have some wealth? I want to live in a country where, if such people want to carry on living in their two-bedroom flats, they can do so. They should not be treated as rich because, even though they have low incomes and have no other assets to pay all the taxes that Labour now wants to impose on them, they happen to live in a part of the country that has rather high flat and house prices.

I hope that the Paymaster General will deal with the inequality of house prices nationwide, which is not always, as Labour seems to imply, good news for those in high house price areas. Such people could be worse off than those in low house price areas because they have to pay a disproportionately higher proportion of their assets and income in order to secure and maintain their property. In other words, the principle can work in the opposite direction.

The final issue is what should happen in future. If the Paymaster General can persuade us that there is no effective element of retrospection and that there is an injustice to tackle, we have then to test whether she has found a route to tackling the injustice and inequality that she sees, and whether she would do so in a way that would make Britain a more prosperous and equal society. I suspect that she will achieve the opposite of what she wishes to achieve.

I do not want to live in a country where only the super-rich can prosper by—thanks to their access to the really good lawyers—finding a way around the more complicated regulations that the Government have come up with. I do not want to live in a society that sends out the message that it is better to go offshore or live abroad. I know that offshore trusts have been popular with some Labour donors and Ministers, but they are not a particularly good thing to encourage. It is much better to have an honest, low-tax system that is the same for everybody, and which encourages more enterprise and success.

I hope that the Paymaster General will think twice, three times or however long it takes and understand that her proposals contain several objectionable parts. First, retrospection will disrupt family arrangements. Secondly, the suspicion that all trusts are evil tax dodges is clearly not true. Thirdly, on the Paymaster General's idea that such complexity will squeeze the rich and help the poor, I suspect that the rich will escape because they will have access to good lawyers and accountants and can always go offshore. In short, I urge the Government to drop this proposal.

Mr. David Gauke (South-West Hertfordshire) (Con): I had hoped that we might find a few areas of consensus on this issue. There is clearly a range of views on inheritance tax, but I disagree with the hon. Member for Rhondda (Chris Bryant), who suggested that the new clause is an attack on the principle of IHT. Not all my colleagues will agree, but I think that there is a role for inheritance tax in our system. It may not apply to many people in the Rhondda, but it does to a lot of people in South-West Hertfordshire. The rate may also be open to question, but I do not disagree with the basic idea of inheritance tax.

In addition, the saloon bar wisdom is that wealthy people get around paying inheritance tax by using trusts. I see nothing wrong with trying to address genuine tax evasion; wealthy people should not be able to evade the tax when ordinary people in South-West Hertfordshire, Falmouth and Camborne or anywhere else are stuck with the liability.

As my hon. Friend the Member for Chipping Barnet (Mrs. Villiers) said, the Government have expressed the view that, essentially, trusts should be tax-neutral, and I support that. As she also noted, the Revenue's policy in reforming the income and capital tax treatment of trusts has been to create

"a tax system for trusts that does not provide artificial incentives to set up a trust but, equally, avoids artificial obstacles to using trusts where they would bring significant non-tax benefits."

I see nothing wrong with that. Since 1894, when estate duty was introduced, certain types of trust have been equated with outright ownership, and taxed accordingly.

Perhaps the Paymaster General will correct me if I am wrong, but I believe that there is a consensus about the value of the spousal exemption. As my hon. Friend the Member for Chipping Barnet said, it was introduced in its current form in 1975, but in some form or other it dates back to 1896. The need for the exemption is easy to understand; in most cases, an inheritance leads to a windfall, but a death usually results in a fall in income and an element of hardship for the surviving spouse.

In addition, there is usually a shared family home. Given the emotional concerns that follow a loss, it would be unduly harsh for a spouse to have to sell a house to pay an inheritance tax bill. Clearly, the particular circumstances of spouses need to be considered, and the Civil Partnership Act 2004 has extended the number of people in that category. We need to ask a couple of questions about the Bill. Does it continue to apply to tax trusts in the same way as to outright gifts, and does the spousal exemption continue to apply?

The Government might argue that the spousal exemption will apply in respect of immediate post-death interests, but the professional advice that I have seen maintains that that will not work because, in practice, it is almost impossible to meet the conditions. Moreover, it is held to be

"nigh on impossible for one spouse to leave their estate in trust for the other and obtain the spouse exemption."

As my hon. Friend the Member for Chipping Barnet pointed out, there are specific conditions in the draft proposals in respect of inheritance tax that make it very difficult for most trusts to work and still obtain the spousal exemption under the immediate post-death interest definition. Condition 3 requires that the surviving spouse interest can be ended only during her lifetime with her consent. Consequently, a will that states that the surviving spouse has a right to live in a house until remarriage, when the assets pass to the children—the experts say that that is fairly common—will breach that condition and will not be able to benefit from the spousal exemption.

Condition 4 states that, on termination of a surviving spouse's interest, a person will become entitled to the capital outright. However, if the trustees have the right to defer a child's absolute entitlement—again, that is fairly common—then that condition is breached and the spousal exemption is not available.

The immediate post-death interest conditions prohibit flexibility, the need for which was questioned earlier. Again, my hon. Friend the Member for Chipping Barnet dealt with that very well. Complex family arrangements are best dealt with through flexibility. We have heard about the case of a widowed second wife, where there are children from the first marriage, which even the hon. Member for Rhondda acknowledged was an issue. There also cases such as that of a young widow who is expected to remarry and have more children; a widow and children with special needs; a childless marriage where both spouses want their assets to go to their respective nephews and nieces; where a property is complex and may impose management demands best performed by trustees rather than the widow; or where a testator has less than full confidence about the distribution of the property.

4.30 pm

Those are all legitimate, reasonable circumstances that a trust is able to address. The trust is a great intellectual achievement of English law and it seems a great pity to dismiss it as the Government seem to be doing. They seem to have a prejudice against trusts as a method of addressing those issues, which relate not to tax evasion or tax minimisation but to personal circumstances.

Dawn Primarolo: If I were to tell the hon. Gentleman that the Government have made provision for precisely the situation he describes and that a straightforward trust set up for one beneficiary—an ex-spouse or civil partner—which goes to them before passing absolutely to another person on the death of the beneficiary, retains their existing inheritance tax treatment, including the spousal exemption, would all his problems be settled?

Mr. Gauke: The right hon. Lady should not take my word; the advice provided by professional after professional is that what the Government are proposing simply will not work. In nearly every case, there is a degree of flexibility, for which the Government are not providing.

Dawn Primarolo: So the hon. Gentleman is saying that he does not believe me when I say that there is flexibility for a spouse or an ex-partner to receive an interest that is eventually passed wholly to a subsequent beneficiary. I am telling him that clearly, but he would rather believe people outside the Chamber than me and civil servants.

Mr. Gauke: I am inclined to believe specialists who work extensively in the field—*[Interruption.]* If the civil servants had consulted a little more widely—although that is another issue—we might not have found ourselves in these difficulties.

I think that the Government's great concern is that a widow could receive a life interest, terminate the trust and make a lifetime gift and, if she survived for seven years, benefit from provisions relating to potentially exempt transfers. I should be interested to hear from the Paymaster General about the particular difficulties that she considers exist and where the current spousal exemption is being abused. However, as my hon. Friend the Member for Chipping Barnet rightly pointed out, the Government's proposals are an ineffective way of addressing their concern. Better ways could be found by looking at the potentially exempt transfer route, which would address the matter much better than using such an over-sized sledge hammer to hit that particular nut.

I wait with anticipation to hear whether the Paymaster General will argue that one can always vary a trust on death, thereby resolving many of the problems or injustices. However, such a solution requires both that the trust is one that can be varied and a degree of

[Mr. Gauke]

flexibility, which is clearly not something that the Government want to encourage in trusts, although it would be useful in those circumstances. Variation could also be achieved with the consent of the beneficiaries, but that would not be possible if they were minors. In that case, it would be necessary to go to the court, with all the expense that would incur. If the Government chose to use that argument, it would not be persuasive.

The Government say that the provision will affect only a few people and several Labour Members have suggested that it would apply only to a tiny minority of the wealthy. However, over the past few days, I have been bombarded with documents produced by professionals pointing out that they regularly advise the inclusion of a trust in fairly normal wills, and that it is a common, run-of-the-mill device used to protect a family and to address particular family circumstances. As a matter of course, trusts are involved in wills, not for taxation reasons, but because they provide flexibility. The Government appear not to know that, which suggests a lack of consultation, which has marked the process throughout.

Why have the Government done this? Perhaps saloon bar wisdom and the lack of consultation means that they were not aware of the problems that they have caused, but I wonder whether another element is involved, so I want to offer one or two friendly words of warning to the Labour party. The whole approach smacks of a good old go at the toffs, and we have heard one or two comments along the lines this afternoon that just the wealthy and rich are affected, that the policy does not really matter and that it will play quite well perhaps back in the Rhondda.

The Labour party has been extremely successful in the past three elections, and one of the reasons is that the Prime Minister has managed to distance himself from the perception that the Labour party is a bunch of class warriors. Not for the first time, the Chancellor of the Exchequer has waded in and tried to play the class card, just as he did with Laura Spence and Oxford university, when he rushed in and got the facts wrong, did not understand the matter and rather embarrassed himself. I fear that the Government and the Chancellor have done exactly the same thing with this policy. They think that they have made an attack on the very wealthy and the privileged few, when the reality is that large numbers of ordinary people, not the wealthy, will be affected by this policy. The Government have made a misjudgment, and I suggest that they back off; they could start today by accepting the new clause.

Mr. Quentin Davies (Grantham and Stamford) (Con): This has been a very interesting debate so far, and I want to make three points and to ask a question. Sir Alan, you have allowed the debate to range over the philosophy of inheritance tax—very judiciously, if I may say so—because it is important for the public that we have the opportunity to discuss such matters in the Chamber and this is the obvious opportunity to do so.

Perhaps I can start by saying that my personal view of inheritance tax—a view for which I argued, with no success whatsoever, when I was shadow Paymaster General in the shadow Administration in the 1997 Parliament—is that we should reduce the rate of inheritance tax to 10 per cent. That would put out of business the whole industry of providing ways to avoid inheritance tax by structuring and persuading people to give away their property, they hope, more than seven years before they die and would stop people leaving the country to shelter their assets from inheritance tax. Instead, we would make this country something of a haven for people with assets to shelter from inheritance tax or estate duty, or whatever may exist in their own countries. There would be a major Laffer curve effect, and we would reduce the marginal rate from 40 to 10 per cent. We certainly would not reduce the revenue by anything like that amount; the revenue might even increase. That is my own view of how to deal with the problem, but I have so far failed to persuade my hon. Friends, let alone anyone else, that that is the way forward. Perhaps, one day, we shall make progress along those lines.

Helen Goodman: Can the hon. Gentleman explain how the Laffer curve could possibly affect the revenue from inheritance tax? One can understand how it could affect work incentives and the take from income tax, but how could it possibly affect the revenue from inheritance tax?

Mr. Davies: I do not think that the hon. Lady was listening because I tried to explain how that would happen. First, to avoid inheritance tax quite honourably, sensibly and rationally, a considerable number of people try to give their money away to their children more than seven years before they expect that they might be in danger of dying. Clearly, that is a loss to the Revenue. Clearly, there is an element of gambling about it, but I do not think that people would do that if the rate were only 10 per cent., because of the considerable disadvantages and considerable risks; not least that their children may marry the wrong person, so half the money would go to someone else. There are all sorts of risk of that kind, so people would not go in for those schemes as much as they do currently.

Secondly, people are sometimes influenced in their choice of country of residence by the inheritance tax regime. If we have a 40 per cent. regime in this country, people will not come here with large assets and those with substantial assets will tend to move away. I am explaining this at some length because the hon. Lady obviously did not follow the argument when I presented it in slightly more summarised form a few minutes ago, but it is a serious argument and I suggest that she think about it.

The Laffer curve effect means that one reduces the rate of a tax and, as a result, induces behavioural changes. As a result of that, the revenue from the tax rises. That is what I was arguing—I think reasonably—we could achieve through reducing the rate of inheritance tax. I make that point today because I have tried to make it before in private conversation and got nowhere. Perhaps someone who is listening will pick the idea up and it will eventually get somewhere.

My second point is for the hon. Member for Rhondda (Chris Bryant), who has unfortunately just left the Chamber. He used an extraordinarily bad argument and I am sorry that he is not present. I think that, if he thinks about it, he will confess that it was a bad argument. He said that very few people in his constituency—and, of

course, a considerable minority in the country as a whole—have assets that approach the inheritance tax threshold or ever think of setting up a trust in the course of their lives. That is irrespective of the connection between the two things: there may be good arguments, which have nothing whatever to do with inheritance tax, for setting up trusts.

It is perfectly true that the great majority of our fellow citizens do not find themselves in danger of paying IHT or thinking about trusts. However, the hon. Gentleman then suggested that it did not matter if we were making a bad law, because it would affect only a minority of people. That is a bad principle for any legislature to operate on and I would be very sorry indeed if anybody in the British House of Commons thought, on reflection, that that was a sensible way for us to work in this legislature.

Any injustice or perversity is to be avoided and to be regretted if it happens. We must hope, in all our deliberations and decisions, to improve the rationality and fairness of the corpus of law in this country and not to detract from them. If there are problems with the Government's Bill and if it would increase unfairness and perversity, we should reject the proposals, and we should do that irrespective of the number of people who might be sufferers from that irrationality or unfairness. That is a general point of principle.

My third point is that the Government owe us some explanation of their agenda. We have not heard one so far in the debate. They clearly have an agenda—reflected in the Bill—to have a go at trusts. There was an interesting discussion between the Paymaster General and my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) about the extent to which the proposals in the Bill would remove the exemption from inheritance tax, which the right hon. Lady tells us the Government intend to maintain, in the case of inter-spouse transfers on death—that is to say, inheritance by one spouse from another—in the event that that transfer or inheritance takes places by means of a trust. I cannot see any rational reason at all for saying, "Well, we think that it is a good idea to have an exemption from inheritance tax for spouses, but not if the spouses, for whatever reason, have arranged their affairs so that transfer takes place on death by means of a trust or so that the assets pass into a trust on death." We need to know why the Government want to make such a change and if it is a change that they intend to make, as opposed to an effect that they did not anticipate when they drafted the Bill.

Irrespective of that point, which is a matter for debate between my hon. Friend the Member for Chipping Barnet and the Paymaster General, there are many other areas where the Bill indisputably, and without any apparent reason, attacks trusts in one way or another, or makes the result of people setting up a trust a damaging and perverse one, which it otherwise would not be. For example, the Bill would ensure that the beneficiaries of accumulation and maintenance trusts would have to come into full title of the assets, and could dispose of them without any restriction, when they were 18 years old. It is amazing to me that anybody in this Chamber, irrespective of their political party, thinks that it is a frightfully good idea to give a large amount of capital, in relation to that family's total assets, to a young person of 18 to dispose of quite freely. Is that sensible? The right hon. Lady may want to give her son such an amount at the age of 18, but I certainly would not want to do that to my children because it would be extremely dangerous. Why should the Government try to change the law so as to force that to happen?

4.45 pm

Equally, the Government are changing the law to ensure that the only beneficiaries of accumulation and maintenance trusts can be either those who are benefiting from a criminal injuries order, or the beneficiaries of trusts set out by parents. However, let us consider trusts set up by grandparents, people who wish to set up a trust for the benefit of their own children and the children of a dead sister or brother who have been left in difficulty, or, indeed, people with no children who wish to leave money in a trust for the benefit of the children of their dead brother or sister. Why should we penalise such trusts as against trusts set up by parents? What is the Government's agenda?

I am mystified by why the Government have suddenly got it into their head to have a run at trusts. Was it, as has been suggested, a purely emotional and symbolic thing? Did the Paymaster General suddenly think that trusts are nasty because they are associated with richer people? I am sure that that is not the explanation because I know her too well to think that she would suddenly have such a rush of blood to the head and thus decide to draw up such legislation.

Was a rational calculation made of the amount of money that could be squeezed out of the public by changing the rules on trusts? The hon. Member for Falmouth and Camborne (Julia Goldsworthy), who speaks for the Liberal party—she has also left the Chamber—disposed of that one. She said that on the Government's figures, the provisions will result in a net increase in revenue of £15 million. She gave us an estimate of the cost of rewriting trusts and of taxpayers rearranging their affairs that ran to hundreds of millions.

However, even if the hon. Lady's substantial estimate was a little excessive, on the figures that she gave to the Committee, one can easily envisage that a modest estimate of the costs would be tens of millions. On the test of proportionality to which, I think, the Paymaster General and her Government are committed, the provisions thus fail because the incremental revenue bears no relation to the cost to taxpayers, which is basically a cost to the economy. Although the change might be a good thing for the accountancy and legal professions, it will mean that people will incur large costs that are gratuitously imposed by a piece of legislation with a motive that none of us really understands.

Before we go any further, it would be extremely helpful if the Paymaster General gave the Committee an explanation. Perhaps I have, naively, missed an obvious point, but, if so, I am reassured that no hon. Member on either side of the Chamber appears to have grasped it. What was the objective behind targeting trusts? Why have trusts been scheduled for punishment in such a way? What is the rationale behind the approach? We must have rational government in a sophisticated democracy. If the Government bring forward new measures and want to change the law, the burden must

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be on them to demonstrate that the change is beneficial and sensible. They must show that they have thought the change through from the point of view of the country's economic interests, fairness and justice to individuals and the proportionality of cost, because they are the classic principles on which good law, including good tax law, must always be based.

Mr. Brooks Newmark (Braintree) (Con): I am getting the sense that I am in a minority in the Committee as I do not have a legal string to my bow. However, my lack of legal training gives me a distinct advantage when it comes to new clause 1, and amendment (c) to it, because I can, at the very least, appreciate the value of clarity. The new clause is a simple appeal for certainty in a Bill that contains less of that quality than might be desired. The number of people who may be affected by the proposed changes to the taxation of trusts has given all hon. Members cause for concern.

Perhaps my closest brush with the law on wills and trusts comes from "Bleak House", which provides a useful parallel to the Government's proposals. The catalogue of potential beneficiaries at the heart of Jarndyce and Jarndyce, where inheritance is squandered, indolence is encouraged and legal proceedings are interminable, bears close comparison to the lists of those who stand to suffer, if the proposals that we are considering are carried into law—namely widows, minors and the vulnerable.

Indeed, Finance Bills as a whole have more than a passing similarity to Jarndyce as Finance Bills

"in course of time become so complicated that no man alive knows what it means"

and nobody

"can talk about it for five minutes without coming to a total disagreement as to all the premises."

The Dickensian fog may have lifted from the Chancery courts but it still sits heavily on schedule 20 and particularly on proposed new section 49A of the Inheritance Tax Act 1984. The Government should be committed to the principle of proportionate rather than punitive taxation, and that commitment is not clear in these provisions.

New clause 1 has a modest aim: to ensure, setting aside all other confusions, that no inheritance tax will be payable on transfers of value between spouses, and not as the hon. Member for Rhondda (Chris Bryant) would have us believe, to avoid inheritance tax completely. The spousal exemption exists to prevent punitive double taxation of an estate. That is a sound proposition, founded on an inoffensive principle. It has, as my hon. Friend the Member for Chipping Barnet (Mrs. Villiers) said, been the subject of consensus since capital transfer tax was introduced by the Labour Government in 1975. The Chief Secretary echoed the need for just such a principle when he spoke on Second Reading about the need to ensure that people pay their fair share of tax. I know from my brief experience in consideration of the National Insurance Contributions Bill that that particular Labour mantra is very much in vogue. The Paymaster General used it four times in one speech. I am glad that she has taught it to colleagues on the Treasury Bench, but the mantra is as nebulous now as it was then.

The use of trusts as a vehicle for asset protection has made them the target of another Dawn raid because they are perceived as being unfair. The fact that trusts exist to protect assets from more than the taxman does not seem to concern the Government overmuch. It is true that the caveat for those suffering from a disability has been preserved, but only for a very limited class of beneficiaries in which no one can be thought of as vulnerable if they are not first found incapable under the Mental Health Act 1983 or are claiming disability benefits. That is a sop to fairness, but in reality it is deeply regressive and inflexible. It takes care of the mad, but not the bad or the sad. It also fails to draw the sting of schedule 20 because fairness has always been at the heart of trusts.

Most often the very reason why trusts exist is to allow for flexible and equitable distribution of assets in the face of changing and unforeseen circumstances. The Government have been keen to acknowledge that trusts have a positive role to play in assisting people to manage their tax affairs, and in particular in holding assets on behalf of vulnerable people. However, vulnerability is not linked, and never has been, exclusively to disability.

Members of the legal profession made a number of representations to me on the many beneficial effects that trusts may have in restraining a rake's progress or in keeping a fool and his gold well acquainted. Many sound arguments that relate to the age at which the interests of younger beneficiaries should vest regrettably go beyond the scope of new clause 1. No doubt, the issue will be revisited in Standing Committee. However, I regard beneficiaries under a trust as vulnerable if their interests would not be adequately protected without that trust.

That point becomes germane in the context of new clause 1 if we consider the number of trusts created at present to protect the interests of children in the event that a parent should remarry. That is a common situation, and it is merely one item on the exhaustive list given by my hon. Friend the Member for Chipping Barnet. As a result of the proposal, many older testators may begin to favour outright gifts to their surviving spouse, rather than risk settling assets on trust, which may fall foul of the spousal exemption and be liable to inheritance tax. Such outright gifts do not allow any measure of flexibility. Furthermore, they do not allow testators to be sure that their children will be provided for if the surviving spouse should decide to favour the other's interests over theirs. Children in that position are undoubtedly vulnerable, so we must ensure that they are protected as before.

Sadly, that state of affairs is not unforeseeable, and it is a nightmare scenario for anyone trying to provide responsibly for a family. Modern matrimonial arrangements are complex, but there should be no doubt about whether people with multiple families will continue to benefit from the existing spousal exemption. We would not want to be responsible for encouraging an epidemic of wicked stepmothers if the provisions encourage the use of outright gifts to the detriment of the prudent protection of children. New clause 1 clarifies interference with the taxation of trusts, which is invidious in principle and may prove unworkable in practice.

Trusts and their taxation are not a subject on which I profess expertise, yet I can readily understand the implication for the average prudent family of any interference with the spousal exemption. The objective of new clause 1 is to offer simple peace of mind to the many people who may be affected by the proposals. Even the legal profession is uncertain about the runaway scope of the changes, and I am more worried about the uncertainty than I am about mere outrage, although we have seen evidence of both. The Law Society, the Chartered Institute of Taxation, the Society of Trust and Estate Practitioners and many other professional bodies have pleaded for clarity. New clause 1 would achieve it by including in the Bill an assurance that surviving spouses will not be subject to inheritance tax if their affairs are structured to maintain flexibility and protection for others.

Stewart Hosie (Dundee, East) (SNP): I am not a tax accountant or a lawyer, and, given the nature of our debate, I am grateful for that. I am grateful, too, for the briefing that right hon. and hon. Members have received from the Law Society of Scotland. I shall ask the Paymaster General a number of questions at the end of my speech, as Members on both sides of the House are deeply concerned about the legislation's impact, intentional or unintentional. The Chartered Institute of Taxation said that

"all the professional bodies hope that HMRC and the government will listen to our representations and modify the proposals to ensure that spouses and civil partners remain exempt and that young and vulnerable people can continue to be protected through trusts without suffering a financial penalty."

Similarly, the Law Society president said:

"This measure will affect millions of ordinary people and not just the very wealthy that the Government claims to be targeting."

The briefing helpfully suggests that it is anomalous that wills involving trusts for the spouse should attract more tax than wills without trusts:

"If no trust is made, no inheritance tax is due until the death of both spouses in a marriage (or partners in a civil partnership). But under the new proposals, if a trust is made, inheritance tax could now be due . . . after the death of the first spouse and again after the death of the second."

Mr. Quentin Davies: I am particularly grateful to the hon. Gentleman for giving way, as I am interrupting his speech to say that he just mentioned a briefing from the Chartered Institute of Taxation, although I have not seen it. It reminded me that I should have mentioned in my earlier intervention—I forgot, Sir Alan—that I am an adviser to the Chartered Institute of Taxation.

5 pm

Stewart Hosie: I thank the hon. Gentleman, and I am sure that the Committee Chairman will be delighted to hear that.

It is interesting to note that the briefing is signed not just by the Chartered Institute of Taxation and the Law Society, but by a large number of other bodies. It discusses the key topic of inheritance tax on life assurance policy pay-outs, stating:

"It is usual for a life assurance policy pay-out to be written in trust for the spouse or children".

It identifies two problems that may result from the new legislation, and continues:

"The proceeds may now be liable to inheritance tax in two circumstances. First, if the life assured dies before the ten-year anniversary when the trust was originally taken out and the trust is not ended at the ten-year anniversary . . . Second, if the person taking out the life cover is in ill health at the ten-year anniversary of the trust."

We heard earlier today that the life insurance company, Skandia, believes that some 4.5 million policies may be affected as a result of the changes.

I have a few questions for the Paymaster General. How many people will be affected by the new regime? Estimates seem to range from almost none to many millions. Will spouses be affected by double taxation—a key point, on which absolute clarity would be particularly helpful? How many policies currently written into trusts may be affected, and have the Government considered that problem? How many wills will need to be changed? Finally, what consultation was carried out with the industry—the life insurance industry, the pensions industry and the legal profession? All relevant bodies seem to be saying that it was very little, and perhaps that explains why the Government are in such a pickle over this problem.

Mr. Dunne: I remind the Committee of my entry in the Register of Members' Interests. I am a settlor of a trust, which I set up for my children with assets that I generated from my own endeavours—in other words, they were not inherited by me prior to my becoming a Member of the House.

I am also the beneficiary of a trust and should like to explain why it was set up. My father set it up in order to gift some assets to me, as a result of my asking a question to his adviser about whether I would be able to borrow against those assets for my other activities. So concerned was my father when he heard that he could be making me a gift that I might then seek to leverage on receipt that he put the assets into a trust, precisely in order to protect them. He was not prepared to allow me, even though I was over 25, to use those assets for a purpose other than he had intended.

Dawn Primarolo: Given that the hon. Gentleman does not have control, is the trust subject to inheritance tax?

Mr. Dunne: I am pleased to say that my father survived more than seven years after the gift was made, so it benefits from the potentially exempt transfer regime.

Dawn Primarolo: I am grateful to the hon. Gentleman, who makes my point that changes to trusts are covered either by the spousal exemption or the seven years provision.

Mr. Dunne: I should like now to deal with the deficiencies of the regime, which I am afraid that the Paymaster missed out of her speech. The first has been mentioned—the retrospective nature of the legislation. I intervened in that regard earlier but would like some definition of the numbers of people involved. It is difficult to secure accurate figures, but my understanding is that approximately 70 per cent. of people in this country die without making a will. Out of

[Mr. Dunne]

a population of 60 million, about 18 million make a will. The Law Society believes that about 15 million people have a will, so the legislation will affect all those who currently have an estate worth more than the inheritance tax threshold of £285,000. It will affect all who anticipate that, during the balance of their lifetime, their estate might fall within the inheritance tax net and all who set up a trust within their will. I pointed out earlier that that applies to virtually everyone who has made a will in the last six or seven years and who has children or a previous wife. It will also affect anybody who wishes to leave assets to their children or to grandchildren under the age of 25. Trusts would arise by virtue of the age of the potential beneficiaries.

The estimate by the Society of Trust and Estate Practitioners is of the order of 1 million people. I have examined the basis for that calculation. It arose from a survey STEP undertook of its members immediately after the Budget statement. Only 11 per cent. of members responded, and they indicated that about 830,000 trusts would be affected. Extrapolating that figure to all the solicitors' firms that are members of STEP would produce a figure of around 8 million.

Helen Goodman: The hon. Gentleman is surely not suggesting that half the people who make a will have assets that are over the inheritance tax threshold. That would be ridiculous.

Mr. Dunne: I did not intend to suggest that. I am trying to demonstrate that there is an enormous disparity between the real figure and the figure quoted by the Paymaster General in a rather defensive letter to the newspapers shortly after the Budget, suggesting that the measure would affect tens of thousands of people. There is no doubt that the figure will be substantially larger.

I argue that millions—not 8 million, but some number of millions—of trusts and wills will need to be reviewed and arrangements altered over the transitional period in order that those assets will not fall within the inheritance tax net. That is the point that I was trying to make by citing the much larger number. Clearly, not all will have any prospect of falling within the net, but a very large proportion will.

There are approximately 150,000 divorces every year in Britain. Regrettable though that is, the partners to the divorce will, under present legislation, almost by definition have to enter into a trust when they set up a will in the event of their divorce.

Dawn Primarolo: I am advised that divorcing couples tend to make a clean break. Solicitors who are involved in divorce cases say that trusts are not widely used in those circumstances. Perhaps the hon. Gentleman could elaborate on the facts.

Mr. Dunne: My understanding is that trusts are used by the courts for the settlement of assets in every divorce case that goes through the courts. I accept that that would not necessarily be the case in the event of clean breaks, but it would apply in other cases where significant assets were involved. Those generally go through the courts.

A further category that contributes to the numbers affected are couples who have recently entered into civil partnerships as a result of the legislation that came into effect earlier this year. Many of the new partnerships that have been registered will have taken the trouble to enter into a will, and, where assets are involved, those wills will need to be changed over the transitional period.

Collectively, we are discussing large numbers of people. That undermines the Paymaster General's argument that the measure will affect a small number of people and generate a small amount of revenue.

On the revenue front, I suggest to the Paymaster General, and I should like her to deal with this in her closing remarks, that she has misled the House. She indicated that the revenue gain from the proposal would be about £15 million in the first year. Let me suggest to her why that figure is so woefully wrong. Given the number of trusts and wills that will need to be reviewed and the cost of so doing with professional advice, there will be a significant VAT gain to the Exchequer from the measure. A big-four accountancy practice is currently writing to all its clients, where it is aware that trusts or wills exist, quoting a fee of £295 plus VAT—in total, £347—for the mere exercise of reviewing those people's current trust or will. It also suggests that a further fee will be incurred if people decide to make changes after the Finance Bill has been enacted.

Rob Marris: The hon. Gentleman might suggest to people that rather than going with the big four, they should join a trade union and get a free will.

Mr. Dunne: Unfortunately, I cannot do so, because, as a result of data protection legislation, I do not have the names and addresses of the people to whom the practice has been writing. I am sure that other organisations are willing to offer a cheaper service, but the review charge calculated by the Society of Trust and Estate Practitioners is £341 rather than £347, so anyone who wants to take professional advice must incur a significant fee, which, because it is subject to VAT, will generate substantial revenue to the Chancellor. Some 1 million to 1.5 million such arrangements may need reviewing, which would generate roughly three times the revenue for the Treasury that the Paymaster General has indicated.

The retrospective nature of the legislation raises a more fundamental issue, which is the credibility of the UK as an appropriate place for people with assets to invest or to seek to conduct their business. For many years, it has been an important tenet of tax legislation that retrospective legislation is not encouraged. Because this provision has been introduced with no consultation whatsoever with the industry, it fundamentally undermines this country's long-established reputation for fairness in its taxation dealings. I urge the Paymaster General to consider whether it is worth putting at risk this country's reputation among the wealthy and, in particular, the wealthy from overseas who might want to live here and do business here, by leading such people to think that long-established provisions on tax can be changed without consultation at the drop of a hat on a retrospective basis.

Rob Marris: The measure is not retrospective, although it may change people's expectations. When

people of our generation took out mortgages in 1984, we got mortgage interest relief at source, which was later phased out. Our expectation as purchasers was that we would get MIRAS for the 25-year life of the mortgage, but there was no contract with the Government to that effect. The Government changed the position, but the change was not retrospective, although it changed our expectations, and the same is true of this legislation.

Mr. Dunne: I accept that this legislation includes a transitional period over the next two years, but I still argue that many trusts that have existed for decades—centuries in some cases—will be significantly penalised. *[Interruption.]* The hon. Member for Rhondda (Chris Bryant) is laughing at the notion that trusts have existed for centuries. I have received representations from the Historic Houses Association—I am sure that other hon. Members have received such representations, too—pointing out that one of the reasons why this country has such a strong built cultural heritage, unlike many continental countries where different forms of taxation have existed and trusts, in particular, have not been involved in tax planning, is that trusts have been able to protect assets from one generation to another. That is not, as the hon. Member for Rhondda may think, a tax avoidance measure, but a measure to preserve assets as a whole, so that they continue to be viable, economically efficient assets rather than being split up among a family.

That takes me to my next point: what is the purpose of such trusts? There is a perception among Members on the Government Benches that they are set up purely to evade tax. As I illustrated with my own case, trusts are usually set up to protect assets from individuals who cannot be trusted, or for valid planning reasons, particularly in relation to the increasingly acute problems arising from multiple families as society, sadly, evolves into individuals having more and more multiple families during their lifetime. If the Bill goes through, it will fetter the choices of spouses who are in a position to do so to allocate assets to provide maintenance for children, especially in the case of a second family where there are also children from the first family. I do not think that that is Government's intention. I assume that they have not thought this through, and I urge them to do so.

5.15 pm

I should like to draw attention to one or two deficiencies in the Bill's drafting. I am sure that we will cover them in greater detail in Committee. The argument was made rather hastily following the Budget—by the Paymaster General, I believe, although it may have been by one of her ministerial colleagues—that a specific carve-out for life policies will be written into trust, but nothing in the Bill does that. Will the Paymaster General to put me right on that, either now or when she winds up?

Dawn Primarolo: If the hon. Gentleman will forgive me, we are not discussing the Bill and the clause—I only wish we were—but his party's new clause. I will of course reply to his point at the appropriate time in Committee, and I look forward to doing so.

Mr. Dunne: I look forward to that, too. Given that we are digressing for a moment or two, with your indulgence, Sir Michael—

The Second Deputy Chairman of Ways and Means (Sir Michael Lord): Order. The hon. Gentleman should not pray in aid my indulgence. As has been said, he must address his remarks precisely to the new clause that we are discussing.

Mr. Dunne: I am grateful, Sir Michael.

Several people, including spouses who are elderly or incapacitated by mental infirmity, will not be in a position to vary their trust arrangements or wills over the transitional period, and their estates will therefore suffer inheritance tax unnecessarily. I urge the Paymaster General to address that point specifically.

Rob Marris: As I understand it, new clause 2 suggests that everything be put on hold for two years. We may all be in some difficulty here, Sir Michael, because although this is not technically a stand part debate, the nature of the amendments means that in a sense it is. Will my right hon. Friend the Paymaster General say succinctly what the position was before 22 March and what it will be if her proposals are accepted by the Committee? For my part, and I suspect that of other right hon. and hon. Members, there is some confusion as to what the law was before 22 March and what it will be if the Government's proposals go through unamended.

Dawn Primarolo: Mr. Lord—

John Bercow (Buckingham) (Con): Sir Michael.

Dawn Primarolo: I beg your pardon, Sir Michael, and thank the hon. Gentleman very much. Would he like to come and sit on this side of the Committee?

The hon. Member for Ludlow (Mr. Dunne) accused me of misleading the Committee, as the record will show. He may disagree with me—I certainly disagree with him—but I would not be as direct as to suggest that he may be motivated by personal interest in this Chamber, nor do I expect him to accuse me of misleading the Committee when I have not. I hope that he will withdraw that remark. I appreciate that he holds views that are deeply opposed to mine, but I have presented information to the Committee and I shall continue to do that. To suggest that a Minister or any hon. Member actively seeks to mislead is utterly wrong. I hope that he will now withdraw that suggestion.

Mr. Dunne: I am delighted to clarify my remarks to the Paymaster General. I intended not to suggest that she had actively and deliberately misled the Committee but to point out that she had inadvertently misled the Committee because she had not understood the Bill's full implications.

Dawn Primarolo: That is probably as close as I shall get to receiving an apology but, when the hon. Gentleman reads *Hansard*, he will see exactly what he said.

I shall begin with some of the other points that the hon. Gentleman raised. He asked why no consultation had taken place and said that there was nothing wrong

[Dawn Primarolo]

with the sort of trust that we are considering. I shall revert in a moment to the general point about trusts that the hon. Member for Grantham and Stamford (Mr. Davies) made. Let me refer to a couple of quotes. On 12 April, the *Daily Mail*, that well-known Labour paper, reported:

"A trust allows you to pass money to your heirs while protecting it from tax and keeping control over how the money is used . . . Why set up one? First and foremost, to ensure your heirs receive the maximum amount of money free from inheritance tax."

If that is not sufficient, let us consider *The Sunday Telegraph* of 16 April.

Mrs. Villiers: Does the Paymaster General prefer the view of the *Daily Mail* or that of the Law Society, the Chartered Institute of Taxation, the Society of Trust and Estate Practitioners, the Low Incomes Tax Reform Group, the Law Society of Scotland, the Institute of Chartered Accountants of Scotland, the Association of Chartered Certified Accountants and the Association of Private Client Investment Managers and Stockbrokers, which say that the trusts under attack from the proposals have nothing to do with tax and everything to do with providing responsibly for one's family?

Dawn Primarolo: I find it best to answer one question at a time, and I shall come to those organisations and the hon. Lady's opening remarks shortly. To suggest that the way in which the Government prevent the trusts from being misused somehow damages women's rights is breathtaking, and I shall deal with that shortly.

The hon. Member for Ludlow need only read *The Sunday Telegraph* of 16 April or *The Sunday Times* of 23 April, which make it clear that those trusts were being used to avoid inheritance tax by retaining control. The hon. Member for Chipping Barnet (Mrs. Villiers) mentioned transfer to the spouse. What could be more damaging to a spouse than to be told that a trust had been created that transferred the interest to her, only for her to find that she had no access to the capital and that, in three months, her interest was terminated and had passed on to somebody else, when she had been used as the shield to establish the trust, with the very purpose of avoiding inheritance tax? Even to suggest that using spouse relief in that way strikes a blow for women's independence is rather odd.

Julia Goldsworthy: I would be interested to know what evidence the Treasury had gathered of inheritance tax avoidance through the trust schemes. It is interesting to know the advice of the *Daily Mail* and *The Daily Telegraph*, but what is the evidence?

Dawn Primarolo: Of course, I shall come to that. I took part in a debate with one of the hon. Lady's colleagues earlier today and I find the Liberal Democrat position inconsistent and daft. This morning, her colleague argued that the Liberal Democrats want to narrow income inequality, yet this afternoon, she argues that she is happy for it to be perpetuated for the few who hang on to their money through the sort of wills that we are considering.

The hon. Member for Grantham and Stamford rightly asked whether the Government were against trusts. He made an important point, and I would like to take this opportunity to clarify the situation. Of course the Government have not suddenly taken against trusts. He knows full well that we are talking about two particular types of trust. We believe that trusts have an important role to play in helping people to manage their affairs—of course they do—but we also believe that a person's choice whether to use a trust structure should not be tax-driven. That should not come as a huge surprise to the hon. Gentleman in the light of the changes that this Government have already made to trusts in previous Finance Bills.

I hope that the hon. Gentleman would agree that it is unfair that some people exploit the trust rules in order to avoid inheritance tax. The right hon. Member for Wokingham (Mr. Redwood) made a similar point earlier. The Government are not labelling respectable people as tax avoiders. We are saying that a system has emerged in which two types of trust—accumulation and maintenance trusts, and interest in possession trusts—can, in certain circumstances, be configured to provide an unfair tax advantage at the expense of other taxpayers. That is what we are seeking to put right.

Several hon. Members *rose—*

Dawn Primarolo: I shall just make this point, then I will give way.

The hon. Member for Chipping Barnet said earlier—I am paraphrasing slightly—that if there was nothing in the Bill that affected spouse exemption, the Conservatives would be happy. I would like to say that there is nothing in the Bill that affects spouse exemptions under the normal inheritance tax rules. We will come to the question of children and civil partners—all are protected. I have a feeling, however, that I shall not be allowed to stop there, so I will go into the detail of the relevant clause in order to address the points that hon. Members have raised. First, however, I shall give way to the hon. Member for Grantham and Stamford, then to the right hon. Member for Wokingham.

Mr. Quentin Davies: I am grateful to the right hon. Lady for giving way, and for addressing the points that we have raised this afternoon. She says that the Government have no agenda against trusts, and that she accepts that trust law can help people and families to organise their affairs in a rational way. She went on to say that she was worried only about tax avoidance and tax evasion. But what is the tax point involved in saying that the beneficiaries of maintenance trusts—I gave an example earlier—must have full disposal of their assets at the age of 18? Surely she can see the danger of a young person being given money in that way, and that it could be undesirable for individuals and families to have to act in that way. What is the tax point involved?

Dawn Primarolo: I answered that question on Second Reading. The point is that 18 is the age of majority. People can get married or serve their country at that age; they can do all the things that adults can do. People might want to write trusts in which the beneficiaries do not get control of the assets until they are 25, 35, 45 or even 52—that seems a good age today—but this is not about when the individuals get control of the assets, it is about when they come into tax. That is the point that is being made. The hon. Gentleman also knows that, with

certain trusts, the beneficiary never materialises. The trusts go on in perpetuity. This relates to situations in which a spouse has the use of a property, for example, and on their death, the property transfers to the children of the first marriage. We need to discuss that matter further. We are not talking about when trusts end but when they never end, control remains and the beneficiary does not have access. That is the problem with which we are trying to deal.

Mr. Redwood: What does the Paymaster General think would be the revenue cost over a five-year period were the Committee to pass the Opposition amendment as opposed to her proposal? I want to get a feel for how big the problem is over a five-year period, as such things take time to work through.

5.30 pm

Dawn Primarolo: The Opposition new clauses would completely negate the Government's legislation, so everything scored in the Red Book would be lost. The right hon. Member for Wokingham understands—I was going to say "needs to appreciate", but that would be totally unfair, as I know that he does—that tax law is about making sure that a situation holds now and does not continue, as well as making sure that no other person is encouraged, and that large numbers of people are not encouraged, to use tax avoidance in that way. Surely, if inheritance tax is raised under certain circumstances with those exemptions—whether a gift and the seven-year rule or the spouse exemption on transfer—the Committee should expect the regime to operate in such a way. There is always a consequence, and if a tax regime is used in a way that it should not be and left unchallenged, the problem will get greater and greater—a point that hon. Members often make to me, saying, "Why are you acting now? Why didn't you act last year? How do you work the balance?" That is the clear answer to the right hon. Gentleman's point.

The right hon. Gentleman also spoke about retrospection, but I completely reject the idea that there is any retrospection. The Government have provided for a two-year transition. If the provision is not enforced until 2008, how can there be retrospection? Everyone will have the opportunity to make the necessary changes.

The hon. Member for Chipping Barnet then adopted the "Let's make it up, because it must be true if we say it," approach. She said that pension and death-in-service payments will be caught by the Bill. That is absolutely not the case. Let us have some rational debate, and hear what the Opposition say about why their new clauses are better. When we discuss that in Standing Committee—the Opposition chose to discuss it in Committee and not on the Floor of the House—we can go through all those issues. It is utterly ridiculous, however, to table a new clause and then say, "Because I say so, it must be true."

Mrs. Villiers: The point about retrospectivity is that many trusts cannot be varied. One would have to go to court and spend a large amount of money on it, and even if a court hearing were to take place, not all courts will allow the trust to be varied. Therefore, the provisions are retrospective, because not everyone will be able to adapt the existing arrangements to comply with the new rules.

Dawn Primarolo: The hon. Lady does not know what she is talking about. Legally qualified Conservative Members pointed out on Second Reading that the legal advice is always to review one's will regularly—at least every two years. If I decide that I want to vary my will, I do not have to go to the High Court to do it; I vary my will. The regulations in place for a variation of a will after death or in the circumstances of incapacity—as raised on Second Reading—are clear. Opposition Members are trying to isolate the measure completely from the interaction of all the inheritance tax and trust rules, and they are simply wrong.

Mr. Newmark *rose—*

John Bercow *rose—*

Dawn Primarolo: I will give way first to the hon. Member for Braintree (Mr. Newmark) and then to the hon. Member for Buckingham (John Bercow), and then I would appreciate it if I could make some progress on the new clause.

Mr. Newmark: My hon. Friend the Member for Chipping Barnet (Mrs. Villiers) was spot on in referring to the retrospective nature of the Bill. Retrospectivity in this context means that individuals will have to change trusts that are already in place. Non-retrospective legislation would say "From this point on"—or, in the case of this Bill, in two years' time—"these will be the rules." The Bill is retrospective because it will force people to change existing wills and existing trusts.

Dawn Primarolo: I know that the hon. Gentleman is new to the House, but pretending that the world began only when he entered it is utterly ridiculous. Did the Conservative Government agree that when they reduced mortgage interest relief at source—MIRAS—they were doing something retrospective? No, they did not. When they reduced the married couples allowance, were they taking retrospective action because of the expectation that existed? Of course they were not. When they reduced advance corporation tax relief, was that a retrospective measure because all the companies said that they had expected to receive it in perpetuity? Of course it was not. That is such a ridiculous point that I am surprised that the hon. Gentleman wanted to make it.

John Bercow: I am a bit suspicious. I have a high regard for the Paymaster General, but she treated a serious and thoughtful inquiry from my hon. Friend the Member for Chipping Barnet (Mrs. Villiers) as an opportunity to launch into a stream of rather unnecessary invective. May I ask the Paymaster General a simple question? Is she seriously saying that it is ordinarily possible for someone to alter the terms of an existing trust as quickly, simply or inexpensively as that person could alter his or her will? That was the gravamen of the question that my hon. Friend asked, and it deserved a more serious response.

Dawn Primarolo: The hon. Gentleman and I have known each other for quite a long time. He knows very well that I have not even started on the invective yet.

The point is that the wills set up the trusts, either in the lifetime of an individual or on death. The will is the trigger, and those who want to change their wills can do

[Dawn Primarolo]

so. The trusts make it possible to plan for a tax that has not yet been triggered, to retain control of assets whose control will be determined after death. They control the assets beyond death to determine who will get them and who will not. I do not think it unreasonable for us to say that if a trust specifies a certain beneficiary after a certain event, that beneficiary should receive the product.

Rob Marris: Will the Paymaster General give way?

Dawn Primarolo: I will, but it will be the last time.

Rob Marris: I am grateful to the Paymaster General for her generosity.

I am becoming a little confused by some of the comments made by Opposition Members. Perhaps I have misunderstood the Government's proposals. I thought that the proposals did not affect trusts that had been set up, say, a year ago—trusts that already exist. If that is the case, the hon. Member for Chipping Barnet (Mrs. Villiers) is wrong; if not, could the Paymaster General explain why?

Dawn Primarolo: People have two years in which to ensure that there is a proper end to a trust. In that sense, such trusts are affected; otherwise, it would be a bit like our saying, "Just because you have already successfully planned a tax avoidance, we will leave it in place."

It may help the Committee if I explain the purpose of the measure and what it does before dealing with the new clauses. As I have said, the purpose is to stop inheritance tax avoidance through the use of certain types of trust—not all trusts. Before the Budget, it became clear that some wealthy individuals were using trusts in that way. The avoidance worked in different ways, and was often highly technical, but the end result was the same: substantial assets passed from generation to generation with no inheritance tax ever being paid.

I have made it clear that the Government consider it unfair that a small number of wealthy people should be able to exploit trusts in that way by combining rules. The new rules prevent such unfair avoidance, while protecting straightforward and sensible arrangements made by honourable people.

This measure brings accumulation and maintenance trusts and interest in possession trusts into the mainstream tax rules for discretionary trusts. It does not, therefore, create a new regime; it merely brings such trusts into the regime that applies to all the others. The money put into a trust during a person's lifetime—

Mrs. Villiers: Will the Paymaster General give way?

Dawn Primarolo: If I can explain what the provision does, it might help in dealing with the misunderstandings. In respect of money put in trust during a person's lifetime, charges apply on assets over the IHT threshold—currently £285,000—at 20 per cent. on entry. So assets over the value of the threshold get charged at 20 per cent. on entry, and at 6 per cent. every 10 years after that. The only exemption for trusts created during life is that applying to trusts for disabled people, an issue to which we will return.

Where money is put into trust on a person's death, the IHT is due on the estate, as is normal, unless spouse relief or some other exemption applies. If a trust is then set up, it is exempt from charges if it is for a disabled person; if it is an accumulation and maintenance trust set up by a partner for their bereaved child, who will take the assets outright at the age of 18; or if it is an interest in possession trust for the benefit of one person with outright ownership of the assets, passing to another person when the trust ends. That is a very straightforward arrangement and it is in line with existing trust arrangements.

Mr. Gauke: Will the Paymaster General give way?

Dawn Primarolo: Perhaps the hon. Gentleman will allow me to make at least some headway on the reasons why the new clauses and amendments, including his own, are unacceptable. Having done so, I will of course give way to him.

All the new clauses and amendments before us are unnecessary, because what is asserted will happen will not, in fact. Ever since Budget day, when the Government announced that we planned to change the IHT rules for trusts, there has been enormous misunderstanding, which has continued today. Bearing that in mind, let me remind the Committee what spouse relief is about and what impact our proposals in clause 157 and schedule 20 will have on such relief.

Spouse relief is an inheritance tax exemption on transfers from one spouse to another. So if property starts in the ownership of one spouse and ends up in the ownership—I stress, ownership—of the other, the situation is straightforward: the transfer is exempt from IHT. That means that the bequest rules apply if a gift from one spouse to another is made when both spouses are still living, so let us be clear: our proposals in clause 157 and schedule 20 have no relevance at all to such cases. For the vast majority of people with straightforward affairs, all that they need to know about the IHT proposals is that spouse relief exists and that a transfer can be made to their spouse. The potential overlap between spouse relief and our proposals only arises, therefore, in cases where partners want to use trusts on or after Budget day to make a less than straightforward gift or bequest.

Mr. Gauke: Will the Paymaster General give way on that point?

Dawn Primarolo: No; please let me make some progress on these points.

Transferring assets into trusts is very different from making an outright gift; some people have tried to argue that they amount to the same thing, but they do not. The recipient of an outright gift can do with it as they please, with or without the consent of the person who made the gift—they are the absolute owner. However, if a person places money in a trust, it must be used by the trustees in accordance with that person's wishes. It is the fact that control can continue long after the settlor's death that makes the difference.

5.45 pm

Inheritance tax rules for interest in possession trusts have conferred the same exemptions that would apply if putting assets into trusts were identical to making an outright gift. The result has been that interest in possession trusts can be—and regularly is—used as a highly flexible money box and a long-term shelter from inheritance tax liabilities. That usually requires the settlor to get rid of assets in his lifetime but, where the spouse relief is available, it is possible for the settlor to hold on to his assets until death and completely wipe out any inheritance tax liability, in both the present and the future—all without giving the surviving spouse or civil partner any influence whatsoever over the assets in their name.

Of course, some cases are not avoidance-driven, and a number of exemptions provide appropriate protection for the people involved. First, spouse relief will continue where an interest in possession trust is set up in a person's will to give a life interest to a bereaved spouse or civil partner provided that, when such interest ends, the assets are taken outright by someone else. No further flexible power is necessary in the trust, because it has delivered its objective.

Mr. Gauke: Will the Paymaster General give way on that point?

Dawn Primarolo: I want to make three points. Opposition Members continually claim that various eventualities will not be covered or that different outcomes will arise. When I tell them that they are wrong, they want to ask other questions. Let us deal first with what is on the table.

Secondly, spouse relief will continue if a person dies without a will and their assets are passed to a bereaved spouse or civil partner, whether or not a trust is created under the intestacy rules. Thirdly, the rules will continue to provide for post-death changes where people die with an out-of-date will. If that will provides for a trust that would not qualify for spouse relief under our new rules, the interested parties will have the opportunity that they have always had to put things right. That is another answer to the question about retrospection.

Mr. Gauke: I have two questions. First, will not the possibility of variation allow people to get around the tax avoidance that the Paymaster General mentioned earlier, and so make these provisions ineffective? Secondly, the right hon. Lady described the conditions under which an immediate post-death interest will apply and inheritance tax is not payable. Does she accept that, in the vast majority of cases, trusts contained in wills will not meet those conditions?

Dawn Primarolo: I accept that people who transfer assets under the spouse exemption provisions do not need a trust to safeguard that exemption. I also accept that the gift provisions do not require a trust to be imposed between donor and recipient, and that assets should be transferred to a recipient when that is the donor's clear intention. Assets should not be held in a halfway house that means that the recipient does not get control and that the state does not get the inheritance tax to which it is entitled. Ending that possibility is precisely what the proposed changes are designed to achieve.

The new clause and the other amendments would once again make it possible for the wealthy few to use inheritance tax exemptions and rules to get reliefs beyond their entitlement. By the targeted use of changes to the particular types of trust being used in such cases, the Government propose to preserve the rules and make sure that they are used as they were always intended. For that reason, if the hon. Member for Chipping Barnet and her hon. Friends push the new clause to a vote, I shall ask my hon. Friends to oppose it and I look forward to debating the provision in detail in the Standing Committee.

Mrs. Villiers: I shall review briefly some of the comments that have been made. We began with the hon. Member for Rhondda (Chris Bryant) who expressed with passion his support for inheritance tax and his criticism of the exemptions.

We then heard from the hon. Member for Falmouth and Camborne (Julia Goldsworthy) who drew on a theme mentioned by many Opposition Members. She pointed out that the proposed changes could affect as many as a million wills and referred to the 4.5 million people who would probably have to review their life assurance policies. She also mentioned the problems in relation to people who have died since the Budget.

My right hon. Friend the Member for Wokingham (Mr. Redwood) referred to the fact that many people of modest means will be affected by the proposed changes. He pointed out that they are retrospective. I agree with him wholeheartedly, especially because it may not be possible to vary existing trusts. They are affected by the provisions and the courts may refuse variations. It may also be difficult to vary wills, especially when the person who made the will has lost capacity. There will be retrospective effects.

My hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) said that the current rules generally deem trusts to be tax-neutral, so they are treated similarly to outright gifts. He pointed out that the Government's proposals would impose penalties on trusts that do not apply to outright gifts. He referred to the long history of the spouse exemption and to the practical difficulties of meeting the six exacting conditions of the draft proposals. Most tellingly, he drew attention to the suspicion that prejudice must be motivating the Government's approach to trusts and argued for a more targeted solution, rather than taking a sledgehammer to crack a nut.

My hon. Friend the Member for Grantham and Stamford (Mr. Davies) said that it was important to improve the rationality of the proposals. He, too, pointed out that the Bill seems to attack trusts for no good reason. My hon. Friend the Member for Braintree (Mr. Newmark) noted that the provisions would hit the vulnerable. He sought clarity and emphasised the importance of retaining the spousal exemption to prevent double taxation of the single estate of a husband and wife.

The hon. Member for Dundee, East (Stewart Hosie) talked about the impact of the proposals in Scotland, where thousands of people could be affected. He made the good point that the Government have not held proper consultations. My hon. Friend the Member for Ludlow (Mr. Dunne) emphasised the point about

[Mrs. Villiers]

retrospectivity and said that the proposed changes would affect a wide range of people, giving instances of their impact on divorce.

The proposals on spousal exemption will have a significant impact on a wide range of ordinary, hard-working people. If the Paymaster General is not prepared to take our word for that, she should take the word of the professional organisations to which I referred earlier. They say:

"The Government's proposed changes to inheritance tax on trusts amount to a tax on prudent families. They will affect millions of ordinary families and not, as the Government has suggested, only the super-rich."

Unless the proposals are amended, in line with our new clause and the many more amendments that we shall table in the Standing Committee, they could leave a million people having to redraft their wills, facing a legal bill of about £275 million. The measure will hit the vulnerable, the young and the bereaved, so I intend to press the new clause to a Division.

Question put, That the clause be read a Second time:—

The Committee divided: Ayes 193, Noes 285.

Division No. 220] **[5.54 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brazier, Mr. Julian
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burt, Alistair
Cable, Dr. Vincent
Cameron, rh Mr. David
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Forth, rh Mr. Eric
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hermon, Lady
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, David
Huhne, Chris
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
Opik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Angus
Robertson, Mr. Laurence
Rogerson, Mr. Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Henry Bellingham and Mr. David Evennett

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen

Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, Yvette
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ilsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
Johnson, rh Alan
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McFadden, Mr. Pat
McFall, rh Mr. John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Mr. David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony

Tellers for the Noes:
Tony Cunningham and
Kevin Brennan

Question accordingly negatived.

Clause 61

COMPUTER EQUIPMENT

Question proposed, That the clause stand part of the Bill.

Dawn Primarolo: Prior to 6 April 2006, employers who made computer equipment available for private use by their employees could do so tax-free, providing that the annual amount of the benefit in kind was £500 or less—that is the equivalent of £2,500 of computer equipment, inclusive of VAT. The clause removes that tax exemption. With effect from 6 April 2006, a tax charge will arise on the benefit in kind that arises in those circumstances. However, the clause does not change the position when an employer provides the use of computer equipment solely for work purposes and private use by the employee is not significant.

[Dawn Primarolo]

The question that everybody has been asking is: why are the Government doing this? It is perfectly true that many employees have benefited from the tax exemption, but the home computer initiative has been used extensively by groups that we would not generally expect to have difficulty accessing information technology. For example, 25 per cent. of those participating in the home computer initiative are higher rate taxpayers—more than twice the proportion among taxpayers as a whole. Furthermore, nearly one third of HCI participants are from white-collar industries—often defined as industries with a greater proportion of higher-than-average earners.

Peter Luff (Mid-Worcestershire) (Con): What the Paymaster General is saying is news to the industry, which was not consulted about the problems that the Treasury suddenly discovered at the eleventh hour, just as the ink was drying on the Budget. On the specific point that she just raised, would she say the same thing to the 15,000 nurses who have benefited from the HCI scheme or the 21,000 Tesco employees, who are probably not at the top end of the earning schedule? The evidence was that that level of employee was benefiting more and more from the scheme.

Dawn Primarolo: The information comes from the industry. The hon. Gentleman interrupted me rather early on in my remarks. I was certainly not saying that nobody had benefited from the HCI scheme. The case that the Government are putting is that the benefits have slowed down to a point at which the growth is very small. In particular, it is not targeted on the remaining groups that we need to assist—those on low pay. I was just about to turn to that point.

Last month, the Low Pay Commission published the findings of its review of benefits in kind, salary sacrifice schemes and the accommodation offset. It found that take-up rates were often quite low and many part-time low-paid workers would gain no advantage from salary sacrifice schemes for home computers and other benefits in kind. Her Majesty's Revenue and Customs has evidence that, unfortunately, the tax exemption was being used beyond the scope of its original intention.

On the one hand, the initiative has reached a number of people and has increased usage. On the other hand, it is not targeted particularly at the low paid and its effectiveness has been slowing down, and, in addition, it is being used beyond its original intention. For example, the HCI packages included items such as game consoles and MP3 players and allowed employees to buy equipment out of their gross pay, rather than borrow it. Furthermore, the cost of computer equipment has fallen markedly since 1999 when—

Peter Luff: Will the right hon. Lady give way?

Dawn Primarolo: I wonder whether the hon. Gentleman will let me make some progress. I, too, have read the brief from the industry that he has and that has been circulated. If he listens to all my remarks and then contributes to the debate, I will be happy to return to any outstanding matters.

6.15 pm

The cost of computer equipment has fallen markedly since 1999 when the exemption was introduced. Figures produced by the Office for National Statistics show that an equivalent computer that cost £2,500 in 1999 would have cost under £700 in 2005. The Government have therefore concluded that the time has come to remove the exemption and to focus Government support in a better way to improve access to technology for groups with the poorest existing access, such as the unemployed, the elderly and the low paid.

Peter Luff: Will the right hon. Lady give way?

Dawn Primarolo: I will, but this is the last time that I will give way to the hon. Gentleman. I will then try to make my case and then he can contribute to the debate. If there are any outstanding issues at that stage, I will reply to them.

Peter Luff: This is a debate in which it would be good to have answers to questions. I asked the right hon. Lady's Department questions a month ago, but I have not had answers, so I have to ask those questions now, in this format—otherwise I might have been able to accelerate her speech. Will she please do the Committee the courtesy of producing the evidence that she has about the so-called abuse of the scheme? It does not exist. The industry specifically asked for MP3 players not to be included in the scope of the scheme, but the Treasury insisted that they should be. The industry would be happy to see them excluded. The other equipment to which she referred was not being offered under the terms of the scheme; it was being offered as part of marketing brochures alongside it. The full price was paid. If she has that evidence, please will she produce it? It is important that we see it.

Dawn Primarolo: I am happy to produce that evidence. Indeed, I am happy to produce it to the hon. Gentleman for the company in his constituency for which he has been making the case. The evidence comes from its marketing websites. I think that he will be somewhat shocked when he sees the extent to which packages were being put together involving items that were not supposed to be included in the HCI. That is in addition to the difficulty with take-up. I cannot say that I will put the information in the post to him tonight, but I will certainly do so tomorrow morning and he can look at the evidence. Alternatively, I can give him the website addresses and he can look at them himself—he does not have to take my word for it.

Mr. Mark Francois (Rayleigh) (Con): The evidence of one or two websites is not enough to damn a whole scheme. If the Government have such compelling evidence of abuse, will the Paymaster General explain why so little hard evidence was produced in the regulatory impact assessment that they rushed out last week?

Dawn Primarolo: The Opposition change their argument as they lose each point. The issue with regard to abuse of the scheme—as well as its lack of targeting, the importance of better focusing it, and the problems of not consulting where there are abuses in the scheme

because of forestalling—are well known by all Members. If the hon. Gentleman will allow me to continue to make my case, he will be able to make his and further points can be made.

Following the publication of the digital strategy in April 2005, the Government have continued to acquire an evidence base to enable them to consider focusing their support. In November 2005, the Government published their "Inclusion through Innovation" report. It examined where information and communication technology might deliver the most benefit to excluded groups and considered how that might be achieved. The report found that barriers to using ICT included a lack of relevant content, poor awareness of where to access ICT and a lack of preliminary skills, such as literacy or English language skills. The report also noted that digital inclusion does not mean simply

"connecting everyone to the internet".

Community ICT access and intermediaries all form part of a multi-channelled approach that will deliver for the targeted groups. The Government are making the case that it is necessary to use those resources to target the groups in greatest need and in which take-up is lowest.

To ensure the best use of ICT in tackling this type of social exclusion, I am announcing today that the Government are setting up a dedicated digital inclusion team—[HON. MEMBERS: "Oh."] The industry does not mind being represented on the team, so it does not think that the team is to be ridiculed. The team will champion examples of excellence in using highly effective and efficient ICT to tackle the key drivers of exclusion. It will also promote local and national leadership and understanding of the considerable potential of ICT to make a significant improvement to the life chances of excluded people and areas.

Adam Afriyie (Windsor) (Con): Will the right hon. Lady give way?

Dawn Primarolo: No, I will not give way to the hon. Gentleman. Perhaps he will let me make some progress.

Furthermore, I can today announce that we are changing the aims and objectives of the digital strategy to focus on digital inclusion, which reflects the shift in the Government's focus towards a more targeted approach. The strategy is a genuinely cross-government programme that recognises that only concerted action across Government Departments will realise our objectives. As I have said, access to ICT is about more than access to computers. Other technologies, such as digital television, give disadvantaged groups the opportunity to engage with ICT. The UK has a world-leading position in digital television, with more than 70 per cent. of households now accessing that technology.

The Treasury will work collaboratively with industry as we look towards meeting the goals of the digital strategy. We will keep the focus on targeted interventions to help those with specific difficulties. We will build on the success of more than 6,000 UK online centres, more than half of which are located in the 2,000 most deprived wards in England, so that 95 per cent. of the population live within 5 km of such a centre. Because we want to ensure that future generations gain access to technology, the Government are giving £50 million over the next two years for schools to invest in home access to ICT for their students and a further £10 million to provide internet connectivity to the home access network. The announcements make substantial inroads into achieving our objectives, but we will conduct a review in 2008 to explore whether further action is necessary to close any residual digital divide.

I have written to representatives from industry to invite suggestions on the most effective way to focus our support on targeted groups. The Department of Trade and Industry will review the options put forward over the next few months and consider how the Government's objectives can be met.

I would like to provide the reassurance for which I know that some have already asked—the hon. Member for Mid-Worcestershire (Peter Luff) has done so—on computer equipment provided for business purposes. Clause 61 does not change the position for computer equipment provided solely for work purposes when any private use by the employee is not significant. We acknowledge employers' concerns in this area and I know that HMRC has been approached by representative groups to work through the issues. I have asked HMRC to work with those representative bodies to ensure that clear practical guidance is produced to help to keep employers' compliance costs to a minimum.

The Government's policies of liberalisation and competition have led to the strong take-up and use of ICT. The creation of new and innovative services and falling prices have all contributed to that. The HCI has played its part in the strong take-up, but it is not appropriate for the Government to keep the scheme going beyond its useful lifespan. The announcements that I have made today will ensure that all can benefit from technology in a cost-effective manner. I commend the clause to the Committee.

Mr. Francois: I want clause 61 to be deleted from the Bill for the chief purpose of saving the popular home computing initiative from abolition by the Government. As we are asking the Government to relent, even at the eleventh hour, I will begin by wishing the Paymaster General a happy birthday. I congratulate her on reaching the age of 29—on a seasonally adjusted basis.

The genesis of the home computing initiative was section 45 of the Finance Act 1999, which said that employers could provide computer equipment including

"printers, scanners, modems, discs and other peripheral devices designed to be used by being connected to or inserted in a computer",

for the use of employees and their families at home without the employee incurring a benefit in kind for the purposes of income tax. The measure was designed to help to spread computer literacy among the population. In March 1999, the Chancellor himself proudly told the *Daily Record*:

"Britain can no longer afford to lag behind America. Inequality in computer learning today will mean inequality in earning power tomorrow".

Between 1999 and 2003, however, relatively few companies took advantage of the tax exemption, largely because it was not widely known or appreciated. In 2003, a working group was formed under the office of the e-envoy to examine how a specific scheme to loan computers to employees, including for private use,

[Mr. Francois]

might be implemented. Partly as a result of that, the Income Tax (Earning and Pensions) Act 2003 included, in section 320, additional tax incentives specifically to encourage companies to loan computer equipment to their employees up to a maximum tax-free value of £500 a year. It is that section of the ITEPA 2003 that clause 61 would delete. That would have the consequence of effectively sounding the death knell of the scheme, which is why I am asking the Committee to reject the measure.

The home computing initiative, as we have come to understand it, was effectively launched in January 2004 by the Department of Trade and Industry, which, by that time, had taken on board departmental sponsorship of the project. The DTI published specific guidelines for employers and employees on the home computing initiative, thus effectively popularising the scheme. The DTI press release at the time, which contained supporting endorsements from Sir Digby Jones of the CBI and Brendan Barber of the TUC, promoted the scheme in the following terms:

"For employers HCI schemes are about maximising potential in the work place. Basic computer and technology skills are now regarded as essential for the majority of jobs. With home computer access IT confident employees have greater capacity to contribute to an organisation's overall performance and adapt more easily to new roles and opportunities. HCI schemes can also generate employer National Insurance savings."

In practice, the scheme has usually been financed by so-called salary sacrifice, in which employees accept a small decrease in pay in return for being loaned computer equipment by their employer. The employer in turn benefits by paying a reduced rate of national insurance contributions to the Treasury.

We believe that it is ultimately for financial reasons that the Treasury wishes to abandon the scheme. That was effectively confirmed by the Prime Minister last Wednesday when, in reply to a question asked by my hon. Friend the Member for Mid-Worcestershire (Peter Luff), the Chairman of the Trade and Industry Committee, he said:

"we have to ensure that in any such initiative we obviously balance the revenue that is coming in with the support that is being given."—[*Official Report*, 26 April 2006; Vol. 445, c. 570.]

The decision is thus ultimately financial, as I shall go on to emphasise.

Mr. Michael Wills (North Swindon) (Lab): As far as I understand the case that the hon. Gentleman makes, he seems to agree with the objectives of the initiative. I am sure that he would agree that in such a fast-moving world, it is important to keep reassessing the effectiveness of initiatives. If the digital inclusion team that my right hon. Friend the Paymaster General announced came up with a scheme that would better meet Labour Members' objectives, which I understand he shares, would he support that, or is the home computing initiative the only possible scheme that he can imagine supporting?

6.30 pm

Mr. Francois: I shall outline how we believe the scheme can be revised so that it should survive. I am not saying that there should be no modification of the current scheme. I shall outline, as I have said, how we believe that the scheme could be modified both to save money for the Treasury and to improve its operation. I hope that the hon. Gentleman will be patient.

Peter Luff: Does my hon. Friend agree that there are two separate points, the first of which is how best to achieve the objectives that are shared across the House? It is difficult to disagree with a word about the objectives in what the Paymaster General said. Secondly, there is the issue of how we move from the one scheme to the other. Would it not have been much better if the Government had signalled now that they want to change the method, if they do—I do not think that they need to do so—and give the industry a year to adjust to a new method, rather than writing a P45 directly from the office of the Chancellor of the Exchequer for the workers in the HCI industry?

Mr. Francois: I agree with my hon. Friend. We are looking to the Government this evening for some indication, when the Paymaster General replies, that they intend to retain the scheme, even in a modified form. We are not saying that there can be no change. However, we want an indication from the Minister that if the Government believe that there is abuse, they will modify the scheme to respond to that while maintaining its inherently positive characteristics. I shall press the Paymaster General on exactly that point in a moment.

The scheme has proved popular, with about 500,000 people taking advantage of it effectively to hire a computer from their employer to help to improve their IT skills as part of a modern knowledge-based economy. This is especially important when we are seeking to improve IT skills to allow the UK to continue to compete with economies such as China and India in the 21st century. According to a recent analysis carried out by Hewlett-Packard, China and India between them now produce more than 120,000 IT graduates each year. How are we to compete effectively with that if we are bringing in measures to reduce the spread of IT literacy among our population, which is what the proposed change threatens to do?

A Cabinet Office press release was timed to coincide with the launch of the new initiative in January 2004. It highlighted survey findings that employees with a PC at home had better IT skills and were more familiar with the internet. The DTI guidelines on HCI were entitled, "Maximising Potential in the Workplace". Along with advice on implementing the scheme, numerous references were made to skills. For example, in the CBI's booklet, Sir Digby Jones was quoted as follows:

"Of all the workforce skills required today, there's no question that basic IT literacy is one of the most important . . . Getting IT into the DNA of the workforce must therefore be a primary objective for every organisation that wants to adapt to the high-skills economy of the future."

David Taylor (North-West Leicestershire) (Lab/Co-op): Does the hon. Gentleman accept that the spreading of IT skills of the type that he is describing in the workplace has been under way in a number of areas for quite some years? For example, there is the CLATES qualification, the ECDL and the driving licence system, and other methods have also had significant success

with fewer costs and with less of the vulnerability that has been shown to be part of the present scheme that is now being reformed.

Mr. Francois: I accept, with the hon. Gentleman's background in accounting, that some other measures have helped in that regard. Nevertheless, the scheme that we are discussing has been particularly effective and particularly popular, and that is all the more reason not to scrap it. I shall outline the specific advantages as I continue, though I take the hon. Gentleman's point.

In 2005, the Minister of Communities and Local Government, the right hon. Member for South Shields (Mr. Miliband), told his regional press the following about the scheme:

"As technology and IT-based business becomes an even bigger part of our regional economy, it is vital that the workforce develops the skills that will keep us competitive. That process should begin in the home so that everyone has the opportunity to become comfortable and competent with computers. That is why the Government is offering tax breaks which reduce the cost of computers to employees while saving money for their employers."

To coincide with the second anniversary of the scheme in 2006, Brendan Barber, the general secretary of the TUC, said:

"Experience has shown that when a business implements an HCI scheme, demand for learning services and training rises significantly."

In short, the HCI scheme has been hailed as an important part of the drive to improve the nation's IT skills, by the Government, in the form of the DTI, and the umbrella bodies of both British industry and the trade union movement combined.

The scheme has enabled almost half a million people to obtain a computer through HCI. Equipment is not only more affordable, but it usually comes with added peace of mind because of features such as warranty cover for the length of the hire agreement and technical support. So, for many who would not ordinarily have had a PC at home, whether because of lack of access to credit, affordability or simple technophobia, HCI has provided a low-risk, cut-price option which allows them to access the world of information technology, to the benefit of themselves, their families, their employer and, ultimately, the wider economy as a whole.

The Government have sought to argue that they are looking for a scheme that is of more benefit to retired people and jobseekers. However, scrapping a scheme that was already working for those in employment and was, indeed, primarily for the benefit of low-paid workers is not the answer.

Mr. Kevan Jones (North Durham) (Lab): I get confused these days about what the Conservative party is. Is the hon. Gentleman really saying that he is supporting trade unions, for example, and is supporting also the TU learning fund, which has brought learning, including IT skills, into many workplaces throughout Britain, to some of the lowest paid workers? Are we now getting a call from the Conservative Benches in support of the initiatives that have been introduced by the Government that have helped many workers in workplaces in my region, but which they opposed last year?

Mr. Francois: I can tell the hon. Gentleman that the trade union movement, from the general secretary of the TUC downwards, are opposed to the abolition of the scheme, not least because at a local level many trade union officials have put a lot of work into persuading employers to adopt it. The hon. Gentleman must understand, irrespective of the learning fund, that the scheme is one that the trade union movement wants the Government to retain. I have a few quotes to drum that point home in case the hon. Gentleman did not get it the first time around.

Scrapping a scheme that was already working for those in employment will not solve the Government's problem in respect of others. According to the HCI Alliance, 60 per cent. of the scheme's participants are in blue-collar industries and 75 per cent. of them pay the standard rate of tax, or lower. Moreover, as Intel, the computer supplier, argued in a recent letter to me:

"As this scheme is run through the employer even the most financially excluded are able to join. The fact that blue collar workers in the future will be denied such an incentive is genuine cause for concern. This has the potential to create inequity within low paid, hard working families and workforces. 21,000 Tesco workers recently adopted this scheme, many would not have a computer today if this had not been offered to them."

Similarly, Brendan Barber—I hope that the hon. Gentleman is listening—general secretary of the TUC, who has also personally endorsed the scheme that we are trying to save, wrote to the Chancellor requesting a rethink and issued the following statement on 3 April, stressing the value of the scheme, in particular, to the low paid. He said:

"The Home Computing Initiative has helped thousands of low paid workers without confident IT skills buy their first ever computer. Unions up and down the country have been promoting the scheme, often linked to training schemes. The sudden closure of the scheme would mean that many hours of voluntary union effort would go to waste."

Any politician—Tory, Labour, Liberal Democrat or otherwise—will understand the clear intent that lies behind that statement.

Adam Afriyie *rose—*

Mr. Francois: On that basis, I will give way to my hon. Friend the Member for Windsor (Adam Afriyie).

Adam Afriyie: I thank my hon. Friend for giving way after being so generous in giving way earlier, unlike the Paymaster General. It was clear that the right hon. Lady wanted to establish her case for the abolition of the HCI. The only case that I heard her make was against the Government—a case against abolishing the HCI and a case against the Bill. It seems to me that if there is a better way of approaching the provision of information technology to workers at home, surely that better approach should be described and implemented before the existing scheme is removed. It seems that we are in a bizarre situation when a scheme is being removed that has clearly been successful, but there is nothing to replace it.

Mr. Francois: I thank my hon. Friend for that contribution. The Paymaster General's case can best be described as citing a number of instances of abuse. She referred to a few websites and that was about the extent

[Mr. Francois]

of it. In the course of my remarks, we can test exactly how much abuse there has been, and then the House can take a decision before we enter the Lobbies.

Let no one argue that the home computing initiative does not benefit people on modest incomes. The Trades Union Congress, companies such as Intel and others have clearly demonstrated that it does. As for the take-up of the scheme, it has taken off in the past year or so and has proved particularly popular in the national health service, with more than 100 trusts and hospitals across the country promoting the scheme to their work forces, including King's College hospital, the Norfolk, Suffolk and Cambridgeshire strategic health authority, the West Midlands ambulance service and even the Sedgefield primary care trust—I hope that that is not the reason why the Chancellor wants to get rid of it. A number of charities have adopted the scheme, including St. John Ambulance, the Institute of Cancer Research, the Royal London Society for the Blind and the Motivation charitable trust, which works with people with a mobility disability and is based in Bristol, not far from the constituency of the Paymaster General.

The scheme has been adopted by a number of private sector organisations, including the British Chambers of Commerce, the Great North Eastern Railway and Yorkshire Water. In total, according to the HCI Alliance, more than 1,000 public and private sector organisations have adopted the HCI scheme to date, often with local trade union support, to help to improve their employees' IT skills. All of that will be put at risk if we do not delete clause 61.

Dawn Primarolo: The hon. Gentleman has listed all those fantastically important schemes, but can he explain why the proportion of households owning a computer has risen by only four percentage points since 2004?

Mr. Francois: I have already explained to the Paymaster General that the scheme was on the brink of taking off. Sweden has the highest personal computer penetration in the world, and one reason is that it has been running a successful scheme for a number of years.

Dawn Primarolo: Will the hon. Gentleman give way?

Mr. Francois: As a courtesy to the Paymaster General, I shall do so.

Dawn Primarolo: I am grateful, because I do not want the hon. Gentleman to dig himself into a hole. He said that the scheme was just taking off, but from 1999 to 2003 the increase was 29 percentage points.

Mr. Francois: If the Paymaster General had done me the courtesy of listening, she would know that I explained that between 1999 and 2003 the scheme was relatively unpopular, so the Department of Trade and Industry effectively rebooted and relaunched it in 2004, with clearer and better publicised guidelines. The scheme has now begun to take off, and 500,000 users around the country are dependent on the scheme. It is rather worrying that the Paymaster General—a Treasury Minister—will not listen to basic statistics.

Peter Luff: What I have heard from the Paymaster General confirms my worst suspicions. She does not have the slightest idea of what is happening on the ground, as Her Majesty's Revenue and Customs have seriously misled her about the true facts. When the scheme was rebooted, as my hon. Friend said, in January 2004, it took several months for the industry to gear up, but the advantages are only being experienced now. That is why the costs of the scheme are projected to increase every year in the Red Book.

Dawn Primarolo: Four per cent.

Peter Luff: It is no good the hon. Lady saying that, as the scheme was on the verge of success at the precise moment at which the Government scrapped it.

Mr. Francois: As I shall argue, the ultimate reason for the scrapping of the scheme by the Government is its cost. My hon. Friend has hit the nail on the head and the Paymaster General should explain why, if the scheme is not popular, the Treasury's own projections in the Red Book and the regulatory impact assessment to 2011 forecast an increase in costs? If take-up is not good, why does the Treasury expect it to cost more? The Paymaster General must dig herself out of that hole.

Dawn Primarolo: I said that there was misuse.

Mr. Francois: I shall come on to that, and I shall prove that it is not taking place on a scale that would justify the abolition of the scheme.

6.45 pm

The initial decision to scrap the home computing initiative, once it was discovered hidden in the Budget of 22 March, was greeted with incredulity, not least by the HCI Alliance, which only a few days before had discussed with the Treasury ways in which it could be updated. Moreover, it is evident that the Brownite Treasury hardly bothered to tell the Blairite DTI—the scheme's sponsoring Department. Even on Budget day, the DTI promoted the scheme on its website:

> "The real beauty of HCI schemes is that they have the potential to improve performance in almost every area of the organisation. As well as traditional drivers—reducing costs, increasing profitability— they can also contribute to more recent imperatives such as corporate responsibility, individual learning and workplace development."

Even more embarrassingly for the Government, the DTI was in the process of rolling out an HCI scheme for its own staff, as was the Department for Work and Pensions, which has far more staff than the DTI. In addition, the CBI, which actively advocated the scheme for two years at the Government's behest, reacted to the change with consternation. On 30 March, Sir Digby Jones commented:

> "This flies in the face of everything the country is trying to achieve on skills. Seventy-five per cent. of people affected by this change are lower paid taxpayers. They will want to know why the Government has deprived them, and their families, of this opportunity . . . computer literacy has to be a given in a globally competitive economy."

In addition, as we have heard, Brendan Barber of the TUC wrote directly to the Chancellor requesting an urgent rethink, as indeed did my hon. Friend the Member for Tatton (Mr. Osborne).

Stewart Hosie: The hon. Gentleman mentioned flexibility and competitiveness. In the Budget, the Chancellor said that

"of 3.4 million unskilled jobs today, we will need only 600,000 by 2020."—[*Official Report*, 22 March 2006; Vol. 444, c. 292.]

Does he agree that the scrapping of the scheme, which created flexibility and competitiveness by giving people skills, would be disastrous if we wish to create skilled labour to replace unskilled labour?

Mr. Francois: I agree. The Chancellor said little about the initiative in his Budget speech but, equally, he said little about the national health service. However, he evidently tried to hide what was being done. Our role in the House is to try to expose that, and then try to persuade the Government to change their mind.

There was adverse reaction from employers who have promoted the scheme to their employees, as the Government encouraged them to do. Andrew Unsworth, the head of e-Government at the city of Edinburgh council, which is Labour-run—at least until Thursday—sent the following e-mail this morning. *[Interruption.]* That would be lucky for the Labour party. Mr. Unsworth said:

"City of Edinburgh Council has run two very popular schemes for our monthly staff since March 2005. Take-up rates were over 2000 employees, nearly 16 per cent. of those eligible.

We were preparing to launch another scheme making computers available to our weekly and fortnightly paid staff who are predominantly on lower rates of pay. These pay groups may not otherwise be in a financial position to afford computer equipment. We viewed this as an excellent way for employees to benefit from a computer and its educational properties for both them and their families."

He continued:

"This scheme provided an excellent platform to improve literacy, communication skills and overall education for employees and their families. City of Edinburgh is currently introducing more computers to schools and several staff had indicated that they were participating in this scheme for the benefit of their children.

City of Edinburgh Council have followed the HCI guidelines very closely and only included computer packages in their scheme. I would hope that the government would consider reversing its decision in this matter even if it means tightening the guideline to prevent the alleged abuse of the scheme."

Similarly, Mike Clayton, finance director of Essex fire authority, wrote to me on the 24 March:

"Take up for the scheme was excellent with over 1 in 5 employees joining. The level of take up was particularly high for firefighters where over 1 in 4 chose one of the computer packages available."

Mr. Clayton amplified his point:

"15,000 nurses took up the scheme last year. Many low paid nurses, fire officers and other key workers have access to IT for the first time because of HCI. Given the importance of computers in the lives of nearly all citizens, I hope that this proposal can be withdrawn and the take up of computers extended."

Mr. Kevan Jones: The hon. Gentleman has concentrated on the low-paid gaining access to computers, but is it not the case that higher-rate taxpayers accounted for 25 per cent. of the take-up of the scheme, even though they account for 10 per cent. of taxpayers? His arguments would be more credible if the scheme ensured that the money went to the low-paid, as people who pay a higher rate of tax can afford computers without Government assistance.

Mr. Francois: We have already established—and everyone accepts— that 75 per cent. of people who benefited from the scheme were on the standard rate of income tax or lower. The hon. Gentleman wishes to raise the issue of higher rate taxpayers and may wish to know that the general secretary of the TUC made a similar suggestion. I would be interested to hear the Government's answer to that proposal and to find out whether they would be prepared to retain the scheme on that basis—

Mr. Jones *rose—*

Stephen Hesford (Wirral, West) (Lab) *rose—*

Mr. Francois: I have given way several times to the hon. Member for North Durham (Mr. Jones) and I want to make some progress. I may give way later to the hon. Member for Wirral, West (Stephen Hesford), particularly given that we greatly enjoyed his intervention on my Second Reading speech last week.

I move on now to deal with the reaction of the IT industry, including the companies that had been created to fulfil the home computer initiative objectives by facilitating the supply of computing equipment to both public and private sector enterprises, many of which will go out of business if the provision goes through. The Government's regulatory impact assessment, which was rushed out just last week in response to the furore over this issue, admits that, exceptionally, no small firms impact test has been carried out in this instance, although that would usually be the procedure. It also notes in paragraph 62, in classic Whitehall jargon:

"HMRC does expect there to be an impact for HCI providers. Particularly those in the small business sector that have been set up specifically to provide HCI schemes . . . will be impacted more significantly in the short term than businesses with more diversified business models".

The IT industry body, Intellect, put it more succinctly after the Budget:

"There are about 2,000 individuals working in this industry that Gordon Brown has just signed redundancy notices for".

Before Ministers seek to accuse anyone of crying wolf in this matter, I have to inform the House that the programme of redundancies in the companies established to support the HCI initiative has, unfortunately, already begun. Last month, Red PC became the first company to fall victim to the abolition of the HCI when it was reported that it was about to call in the liquidators. On 24 April, another company, Encompass, announced that it was closing down. As the managing director subsequently told the press:

"As a small company solely involved in providing HCI, I was completely knocked back by the Chancellor's decision. The government's Digital Strategy sets targets for 2008 so I thought the HCI scheme would run until then, and at the very least we would have 12 months notice. To be given 15 days is appalling."

At a time when unemployment is unfortunately on the rise again, it will be a great shame to see further high-tech companies going into liquidation if clause 61 remains in the Bill.

[Mr. Francois]

Most importantly millions of people across the country who might have been able to take advantage of the scheme to improve their and their families' IT skills are now to be denied that opportunity. The Chancellor will now disappoint them if the scheme is withdrawn. Moreover, even those on the existing scheme will be allowed to benefit from it only until whatever agreements they have reached with their employers have expired. That is confirmed by paragraph 71 of the regulatory impact assessment:

"Changes to the exemptions for computers and mobile phones were announced in the Chancellor's Budget statement on 22 March 2006 and will take effect from 6 April 2006. However those people already participating in schemes based on the law as it applied prior to 6 April will not be affected until the period of their current agreement expires and they enter into a new agreement."

In other words, at that point they will be caught by the changes. Even the 500,000 people who are benefiting now will not do so for much longer, once their individual agreements with their employers expire.

Stephen Hesford *rose—*

Adam Afriyie *rose—*

Mr. Francois: I promised to give way to the hon. Member for Wirral, West and I shall keep my word.

Stephen Hesford: I am obliged to the hon. Gentleman, who has moved on to the point that I wanted to raise. The problem is his umbrella assertion that there is an HCI industry. I do not readily accept that there is such an industry that will be abolished by the legislation. I believe that the figures quoted by my right hon. Friend the Paymaster General are correct and that there has been a take-up over the last couple of years of only 4 per cent. That being the case, it is not clear what industry has supposed to have grown up over that time. The hon. Gentleman is talking about an industry that sells computers, which has been around for a long time. That industry will continue, irrespective of whether this particular legislation goes ahead. The hon. Gentleman has not taken into account the fact that the scheme will move on to a different phase, focused on provision for the elderly and the unemployed who really need these IT skills—*[Interruption.]*

Mr. Francois: I thank the hon. Gentleman for giving way before I was tempted to intervene on him. He is trying to play games with the statistics. He said that the scheme had only a 4 per cent. take-up, but that is nonsense. I have already provided one example of an organisation that saw take-up of 16 per cent. and it has been at that level or higher for a number of organisations. The take-up among employers pushing the scheme has been very healthy and I have already argued that the scheme was about to take off with other organisations—*[Interruption.]* I have to ask Government Members who are intervening from sedentary positions why, if the scheme was so bad, both the Department of Trade and Industry and the Department for Work and Pensions were about to roll it out for their own employees. Perhaps some Government Member could stand up and answer that question. I will gladly give way to anyone prepared to do so. Silence.

Perhaps the greatest problem in the whole sorry saga is the effect on individuals who have benefited from the scheme. I have already explained how even their benefit will be time-limited. In order to understand how they will be affected, I cite the example of one HCI provider, the company Futuremedia, which established a website to allow subscribers to provide feedback on the scheme. Here are some examples from respondents outlining the benefits that they believe the scheme confers. I have taken four representative examples. One respondent said:

"I joined so that my twelve-year-old daughter would not be disadvantaged when it comes to homework, research and preparations for exams. To date it has proved to be money well spent."

The next respondent said:

"I joined because it gave me the chance to involve myself in the process of gaining new skills. This without the direct pressure of any direct work-related scheme but with help at hand and the knowledge I could work at my own pace in my own time."

A third said:

"I joined as I was looking for a computer for myself but couldn't afford to buy one outright; when the offer came along I decided to apply as it was a cheap and easier way of affording a new computer."

The fourth said:

"As a man approaching my 50th birthday I find it vital to be dragged into the 21st century learning computer skills, as more and more they become an everyday part of life."

Those are just a few of the numerous examples of how HCI was benefiting people in exactly the way intended, allowing them to gain both IT skills and the chance to learn about other subjects online and giving access to a PC to those who could probably not otherwise afford it. All that could be lost if we do not delete clause 61.

For all those reasons, we believe that the scheme needs to be retained not only for the UK IT industry, which could quite conceivably be harmed by the clause, or the 2,000 or so whose jobs could be lost, but for the many employees in the country who would have taken advantage of HCI in the future to help maintain Britain's competitiveness. We believe that not least because all the indications are that HCI was just beginning really to take off.

I now move on to options to save the scheme by producing a revised system, under which it could operate alternatively in future—

7 pm

Adam Afriyie: Just before my hon. Friend moves on to establishing his case for a revised scheme, does he agree that the low take-up of technology at home is not the only problem, because about 500,000 people will have to change their behaviour, which has associated costs? If it costs £50 or £100 to change the arrangements, that could well work out in the region of £25 million to £50 million in additional costs incurred by business.

Mr. Francois: My hon. Friend is right. Many people entered into the arrangement in good faith, having been encouraged to do so by their employers. Indeed, they were ultimately encouraged to do so by the

Government. Now, suddenly, that benefit is effectively being withdrawn, or will be once their individual contracts with their employers expire. Those people will understandably feel let down—*[Interruption.]*

Peter Luff: Will my hon. Friend give way?

Mr. Francois: I will briefly, but then I want to outline the alternative.

Peter Luff: The Paymaster General is muttering from a sedentary position something about it being for work. My hon. Friend should be allowed to answer that point, because the Paymaster General obviously does not understand the purpose of the scheme. A DTI document published in January 2004 lists among the benefits for employees' education for their children, entertainment, e-mail and purchasing goods and services; it was clearly intended for home use. It was all about spreading understanding of computing, so I repeat that the Paymaster General obviously does not understand the purpose of the scheme.

Mr. Francois: In my experience, the Paymaster General mutters a lot from a sedentary position. *[Interruption.]* I really think that she should go away and re-read her brief. Having heard her remarks—I shall listen, of course, to what she says in her wind-up speech—I am not certain that she realises what exactly she is abolishing.

Dawn Primarolo: On a point of order, Mrs. Heal. I have not said a dicky bird. I have been sitting in my place listening to the debate. I do not mind being criticised by the hon. Gentleman, but does he need to make things up?

The First Deputy Chairman of Ways and Means (Sylvia Heal): Order. That is not a point of order for the Chair. May I ask all those participating in the debate to concentrate on the matters in hand? Let us have a little calm.

Mr. Francois: Those who know the Paymaster General well can judge for themselves.

On the options to save the scheme, the Treasury has sought to justify the scrapping of the home computer initiative by citing abuse. On Second Reading the Paymaster General appeared to have no other defence of the Chancellor's ill thought-out decision than to make noises about iPods from a sedentary position. It is true that a loophole existed. A number of products that are entertainment rather than educational, and so are not exactly in the spirit of the scheme, such as MP3 players, game consoles and digital cameras, were ordered in some cases and qualified for the tax exemption because the HCI guidelines from 2004 gave only broad definitions. So there was a loophole which some people attempted to exploit.

However, the Treasury has produced little clear evidence, even tonight, of the extent of the abuse that it claims was occurring, which we believe was only at the margins. As I pointed out in an intervention, there was little hard evidence of the abuse in the Government's own regulatory impact assessment, which they produced last week in a desperate attempt to justify the abolition of the scheme.

Mr. Wills: Will the hon. Gentleman give way?

Mr. Francois: In a moment.

In any event, it would not be difficult to tighten up the rules by producing guidelines that give details about the items to which the tax exemption would not in future apply. It is very simple to do that if the intention is to combat the abuse. Throughout the Bill—

Mr. Wills: Will the hon. Gentleman give way?

Mr. Francois: In a minute.

Throughout the Bill, we will debate ad nauseam all sorts of anti-avoidance proposals that the Government have introduced in the Bill—some of which are highly complex and technical—to try to prevent what the Treasury determines to be abuse. It would be simple to produce relevant guidelines; they would be less complicated than some of the measures that we will debate on real estate investment trusts and group relief. If the Treasury wanted to maintain the scheme, it could easily produce guidelines.

There is a precedent. In Sweden, the Government have for some time operated a scheme similar to the HCI. There were similar concerns there about people seeking to exploit the tax advantages to purchase equipment outside the original spirit of spreading IT skills. However, in 2004, instead of scrapping the scheme, the Swedish Government found a workable solution, by tightening up the rules on qualifying equipment.

For example, the rules stipulated that in future only one personal computer would be allowed per employee; some had attempted to order more than one. The monitor size of those PCs was restricted to 30 in. Peripherals and accessories were divided into two categories; those primarily used connected to a PC, such as keyboards and printers, which were allowed, and those whose primary usage did not involve a PC, such as digital cameras and MP3 players, which were specifically not allowed.

Such restrictions would be relatively simple to introduce, were HMRC to produce a list of equipment that would continue to qualify, perhaps reinforced by another list of equipment that was specifically excluded from the scheme, such as iPods and MP3 players.

Mr. Wills: Will the hon. Gentleman give way?

Mr. Francois: In a minute.

The Government cannot hide behind excuses, such as the difficulty of defining qualifying equipment, because we have just provided them with an empirical example showing how another nation tackled the problem. Moreover, the Government's own regulatory impact assessment concedes that continuing the scheme with tighter guidelines on qualifying equipment, which is characterised in the RIA as option 2, would virtually halve the estimated cost of the scheme to the taxpayer, as projected by the Treasury out to 2010–11, thus

[Mr. Francois]

allowing the scheme to survive, retaining its key benefits at a reduced cost to the taxpayer on a more tightly defined basis. That should constitute a win-win all round. I urge the Government to take the opportunity while there is still time.

Mr. Wills: Will the hon. Gentleman give way?

Mr. Francois: In a moment.

I come to an important point—the definition of "not significant", which the Paymaster General briefly addressed in her introductory remarks. If the existing exemptions are removed by clause 61, an associated issue arises; how computers provided by employers to employees will be taxed. As the RIA states at paragraph 22:

"If significant private use is made of a computer provided for business purposes a tax charge will arise on the private use element based on the value of the computer and the extent of the business and private use. Employers will also be liable to Class 1A National Insurance contributions."

That could lead to a significant compliance burden for employers if they are required to police the extent of private use by their employees. As the British Chambers of Commerce states in *The Times* today,

"Businesses have already seen the cost of implementing government regulation rise to over £50 billion since 1998, so to introduce in the small print of the Budget another measure such as this one will further serve to burden employers and impact on their ability to compete effectively."

The Government have responded by arguing that there will be no tax or NIC liability if such use is deemed "not significant", but have not clarified how that will be defined. If clause 61 remains part of the Bill, it is vital that that is clarified so that both employers and employees know where they stand.

The RIA states at paragraph 73 that HMRC will

"invite employer representatives to work with them as they develop guidance which will articulate their approach for handling compliance and administration issues that flow from the changes announced in the Budget."

I think I heard the Paymaster General reiterate, but I will ask her to repeat beyond peradventure in her winding-up speech, that the Government are planning to consult industry so that they can clearly define "not significant" and the matter can be clarified once and for all.

If that is the Government's intention, can the Paymaster General estimate how long the process will take? For instance, does she anticipate that it will be concluded successfully by July, as suggested in paragraph 74 of the RIA? Even better, if clause 61 were removed from the Bill, the current exemptions would remain in place and the issue would not arise. As *The Times* argued this morning in a leader sub-titled "The Treasury sends another nasty message to business",

"Treasury officials have promised to take a 'practical' view of how much private use should be regarded as 'significant'. The most practical approach, when the issue is debated in the Commons today, would be to withdraw it. We are watching."

That is another good reason for deleting clause 61. I shall now give way to the hon. Member for North Swindon (Mr. Wills).

Mr. Wills: I am extremely grateful to the hon. Gentleman for finally giving way. He has moved on from the point on which I wanted to ask him to clarify his intentions. However, I will take advantage of his generosity and ask him to be a little more specific about how he intends to define the scope of the reformed HCI, as he would regard it. Does he accept that the technology is moving so fast that it is difficult to draw the parameters? When the scheme was originally defined, it was appropriate for the technology. He acknowledges that abuses take place, although there is some disagreement about the extent. Those have come about partly as a result of changes in technology that were not conceivable. Although he has tried to provide a constructive alternative, two or three years down the line the technologies may well have moved on again. Is it not right to try and address abuse in the light of the rapid changes in technology?

Mr. Francois: I thank the hon. Gentleman for conceding that we have tried to be constructive about the matter. I welcome the fact that as a former Minister in the Department of Trade and Industry, he has put that on the record. Those canny Swedes thought of that possibility, too. They realised that as technology moved on, particularly in such areas, the list would need to be reviewed regularly to make sure that the definitions remained current. It should be perfectly possible for us to do that too. We come up with an inclusive list and an exclusive list and we review them periodically—say, once a year—to make sure that the definitions remain current. That seems, to coin a phrase, not to be beyond the wit of man, or indeed woman.

To summarise, the HCI scheme has been important in spreading computer literacy among our population, including the lower paid, in order to help our country compete in the 21st century. As such, the scheme should be retained and not effectively wound up, as the Government propose. It should be possible to devise a revised version of the home computer initiative that allows the scheme to survive for its intended purpose, while introducing safeguards to combat the alleged fraud. If the Scandinavians are able to do that, I see no reason why we could not do it as well. The situation is a good example of the old maxim, "Where there's a will, there's a way".

The key question is whether there is a will on the part of the Government to save the scheme, or whether the Chancellor is so desperate for the £300 million in revenue which the Treasury's Red Book estimates would be raised by scrapping the HCI scheme from 2006–07 to 2008–09. Will avarice take over, and will the scheme be cancelled regardless of its obvious merits? Option 2 in the Treasury's regulatory impact assessment would allow the scheme to survive on a honed-down basis.

If we do not hear a convincing argument from the Government tonight—I do not find the digital inclusion team convincing—we shall simply assume that the money that the Chancellor is hoping to recoup has taken precedence over all other considerations and that a financially desperate Chancellor, who loves to talk about the technological revolution and the need to promote a high skills economy, has simply taken the cash. That decision is doubly detrimental, because it will damage our ability to compete in high skills industry with the likes of China and India in the 21st century.

I urge Ministers to draw back from that course while there is still time and to work co-operatively with other parties, industry and scheme users to save that very important scheme. I shall listen to the Paymaster General's reply with genuine interest in the hope that, on behalf of the 500,000 scheme users and the 2,000 employees who will be directly affected, common sense may yet prevail and that that particularly bad decision by an analogue Chancellor may yet be reversed.

Rob Marris: I thank the hon. Member for Rayleigh (Mr. Francois) for his speech, a large part of which was thoughtful, although he will not be surprised to learn that I disagree with much of what he said. If clause 61 passes into law, computers provided for use at home solely for business purposes will continue to be allowed, and I shall return to that point.

The hon. Gentleman accepts that times change. The Paymaster General has said that the take-up rate for the HCI scheme in the first four years after its introduction in 1999 was 29 per cent. and that it then fell to 4 per cent., which shows the operation of the law of diminishing returns. I know that the hon. Gentleman was not a Member of the House in 1999, but I strongly suspect that his party failed to support the HCI when it was introduced and when it was reviewed in 2003—he can correct me on that point, if I am wrong. He, along with the hon. Member for Mid-Worcestershire (Peter Luff), now supports the HCI, and the thrust of his speech seemed to be that times change and that the scheme has reached lift-off.

It is true that times change, but we must put the matter into context, which the hon. Gentleman addressed only at the beginning and end of his speech when he discussed India, China and globalisation. He issued a challenge to the House, which I shall answer. The hon. Gentleman, and most Conservative Members in the Chamber, want to retain the HCI, because it is an attempt to upskill our society.

The Government have spent a huge amount of taxpayers' money on trying to upskill our society, and they continue to do so. I will not reel off the figures, because we have all heard them, but Labour Members agree that that spending was certainly correct, whereas Conservative Members are somewhat divided. For example, the education maintenance allowance was piloted in my constituency, and, although I cannot prove it, I posit as cause and effect the fact that staying on rates at 16 greatly increased. That measure involved investing a lot of money in a long-term process of upskilling our economy, which is the context in which we need to understand the HCI.

The hon. Gentleman mentioned the trade union learning fund. I served in the Committee that considered that legislation, where Conservative Members opposed it. The trade union learning fund has been very successful as part of a mosaic of measures to upskill our economy. The HCI was part of that mosaic, and the Government now say that they would rather that other things were part of it, too.

As far as I am aware, the HCI did not cover students or pensioners, unless they happened to be in paid employment. As part of the mosaic of upskilling, the Government have been pouring computers into schools. All hon. Members visit schools in their constituencies—I am sure that you have done so in the west midlands, Mrs. Heal—where interactive white boards have been installed, many teachers have been provided with laptops, and increased numbers of computers have been made available to pupils. Indeed, some schools in Wolverhampton are successfully piloting the use of personal digital assistants—I do not know whether PDAs fall within the category of computers, because, as my hon. Friend the Member for North Swindon (Mr. Wills) has said, technology moves on so quickly.

7.15 pm

Shortly before the Budget, the hon. Member for Rayleigh asked about support for the scheme by the Department for Work and Pensions and the Department of Trade and Industry. However, the Budget included a lot more money for education, and what is known in the vernacular as "Brown money" consists of money that goes directly to schools—from memory an average secondary school can receive up to £198,000 in the following financial year. It is surprising that the hon. Gentleman has suggested that the abolition of the HCI is simply an act of desperation by the Chancellor, because the Budget included far more extra money for education, which affects skills both directly and indirectly, than will be saved by the abolition of the HCI. The further education White Paper was produced at the beginning of March, and adult learning grants allow people to upskill to level 2 and under-25s to upskill to level 3. The HCI was part of that mosaic of upskilling.

Whether Conservative Members like it or not, those taking advantage of the HCI disproportionately consisted of higher-rate taxpayers. As my hon. Friend the Member for North Durham (Mr. Jones) has pointed out, that is not the case in absolute numbers, but it is true proportionally. In round terms, higher-rate taxpayers make up about 10 per cent. of taxpayers, but they made up 25 per cent. of those who benefited from the scheme. That is not to say that we should abolish the scheme just because higher-rate taxpayers benefited disproportionately, but it is worth bearing that point in mind against the backdrop of where the Government want to go on skills provision. We must consider the HCI in that context.

Mr. Kevan Jones: Does my hon. Friend agree with the Low Pay Commission, which has pointed out that many part-time women workers would not benefit under the scheme?

Rob Marris: I did not know that, although it does not surprise me. Although the HCI had some success, times change and we must move on.

It is unfortunate that the HCI appears to have been axed overnight rather than its withdrawal being phased over a year. It is entirely proper for the Treasury to examine whether a tax measure produces a certain effect and whether that effect could be produced through the better use of taxpayers' money. The Opposition would rightly berate any Government who introduced a measure to help with skills and who did not change it for years and years rather than keeping it under review to

[Rob Marris]

see whether it worked, whether behaviour changed as a consequence of it and whether they should put taxpayers' money into something else.

Peter Luff: I am grateful to the hon. Gentleman, who is a colleague on the Trade and Industry Committee. On the abolition of the scheme, I would not be so angry if a year's notice had been given on the intention to ban the scheme, which would have been the right way to proceed. The Paymaster General must address why the change is so sudden, because the matter could have been handled much more elegantly and effectively and with less serious consequences for the employees who risk losing their jobs.

Rob Marris: I am sure that the Paymaster General will address that issue later, if she catches your eye, Mrs. Heal. I believe that the hon. Gentleman has a constituency interest in the matter, for which he is rightly fighting. In terms of the economy as a whole, however, we must consider whether, for example, fewer computers will be purchased because of the abolition of the initiative. I do not know the answer to that, but I suspect that many fewer computers will be bought. While, sadly, there may be the P45s to which the hon. Gentleman referred in his constituency, in terms of the economy as a whole more people may be employed in outlets such as Dixon's, which is going to call itself Curry's, or wherever, selling computers to people direct instead of their being refracted through their employers. I do not know the research on that, and I do not know whether the Treasury does.

The hon. Member for Rayleigh mentioned what was said in *The Times*, and probably in other newspapers, about the idea, which I am sure that the Government do not have, of taxing personal e-mails. I would draw an analogy with company cars. I am sure that the House has spent a lot of time over the years discussing the taxation of company cars. The matter has come to rest in the past few years because, as a House and as a society, we have reached a modus vivendi and a balance as to how much company cars should be taxed. In most cases, company cars are used for business purposes as well as domestically. A car is an expensive piece of kit. Why have a car that one uses at work, and that one then has to park at work, or, if one can prove that there is no secure parking at work, drive home and leave there? When one then went to the supermarket, one had to go in a different car that one had bought oneself. We all recognised that that was a bit silly.

The taxation of part of the value of company cars is done on a fairly rough and ready basis. People do not go round saying, "How many miles have you driven?" There used to be banding. I think that there still is—I do not have a company car any more—but they are pretty broad bands. One does not have to clock every mile as regards whether it is business and personal. There is a contradistinction between the cost of enforcing something and simply getting in some tax while not spending too much on enforcement.

Perhaps we can have a similarly rough and ready approach to computers provided by employers for business use at people's homes by assuming that, say, 75 per cent. is business use as against 25 per cent. that is personal use. Otherwise, we could go on and on, ad infinitum, with the taxpayer subsidising computers at home for people's private use, which was a measure to kick-start IT literacy and competency in 1999. That may be the route that Sweden is taking, and good luck to it if it does.

The Government are absolutely right to set the Bill in the context of the mosaic of upskilling measures for our economy, and absolutely right to review it, but I wish that they had given it a little more time instead of doing it overnight.

Julia Goldsworthy: I welcome the announcement of a dedicated digital inclusion team and hope that it will really tackle exclusion issues. Will the entirety of the £370 million in savings that the abolition of the scheme will generate be transferred into that, or will some go into the Treasury pot?

If the clause remains in the Bill, it will signal the end of a very successful scheme that has helped 500,000 people, more than 75 per cent. of whom were in the lower-income tax brackets. Those people gained access to computers at home, not only for them but for their families. Siemens told us that its participation rate is more than 35 per cent.

Can the Paymaster General tell us more about how the decision to end the scheme was made? I understand that it was made a matter of hours before the Budget with very little consultation with the Department of Trade and Industry. The explanatory notes give this reason for the decision:

> "There is also evidence to suggest that the exemption has been applied beyond the scope of its original intention. Some HCI providers have offered packages that include games consoles and MP3 players and allow employees to buy equipment through salary sacrifice arrangements rather than borrow it".

Will the Paymaster General not only write to the hon. Member for Mid-Worcestershire (Peter Luff) with that evidence but place it in the Library so that all Members can have access to it?

The Government claim that there are fundamental problems in two key areas, yet neither need be terminal for the scheme. All that is needed is clearer definition of the existing regulation. The Government would be more believable if, when they gave their reasons, they accompanied them with the hard evidence which, as yet, we have not seen.

The first problem is that of the definition of a computer, which in the original regulation is defined as "computer and peripheral equipment". There is a precedent in terms of how that has been resolved in other countries. Sweden tightened up its definitions of "eligible equipment" and "ineligible equipment", and made it clear that only one computer per household would be eligible. It might be worth paying attention to another Scandinavian precedent—that of Denmark, which cancelled the scheme but brought it back a year later. The Government might be forced to eat their words in future. There are ways of coming up with a series of workable definitions that continue to bring benefits to employees and their families. It should not merely be a case of robbing Peter to pay Paul in order to improve inclusion in other deprived groups.

On the wider issue of salary sacrifice, I understand from the HCI Alliance that the Office of Fair Trading has to approve every single hire agreement that goes

through the scheme, so that if a claim fell outside the terms of the scheme, it would not qualify for the exemption. If the Government were able to provide evidence of such abuse, that would help clarify the situation. Certainly, the HCI Alliance has no evidence that it was being abused in that way or beyond the definitions of the regulation.

Withdrawal of the scheme will create a massive compliance problem for employees and employers. The regulatory impact assessment is very helpful. It explains that if the exemption is removed, all employees are technically required to log the time that they spend at home on their work computer using it for leisure purposes, such as checking e-mails or playing computer games, because it will be taxable. The removal of the scheme will create further confusion, not remove it.

Paragraph 18 of the RIA states:

"Where employers and their employees enter into new agreements to loan computer equipment for private use on or after 6 April, the employee will be liable to pay tax on the cash equivalent of the benefit in kind. Employers will be liable to class 1A NICs on the same amount."

The RIA goes on to say in paragraph 22:

"Some employees may be provided with computer equipment or mobile telephones solely for business use. In this situation as long as any private use that it is made of the equipment is not significant there will be no liability to tax. If significant private use is made of a computer provided for business purposes a tax charge will arise on the private use element based on the value of the computer and the extent of the business and private use. Employers will also be liable to class 1A National Insurance contributions."

I will be grateful if the Paymaster General can explain what "significant" means and how employers are planning to fill out their tax returns.

Stewart Hosie: How does the hon. Lady understand the following example? If an employee has a computer for business use and learns to use a new computer package or software development tool that is not directly related to the work that they do but is in line with what the company does, does that count as personal or business use?

Julia Goldsworthy: I am sure that the hon. Gentleman could have an interesting discussion about that with the taxman.

Dawn Primarolo: I can help the hon. Lady on this point. It may be confused in her mind, but it is not confused in employers' minds. The interpretation of what is significant use was in operation before 1999, when the exemption came in, and employers managed to operate it perfectly well. I have said to the Committee that I am happy to ensure that that is restated in that way. Employers have used it before and knew what it meant, and it will not be an intellectual challenge for them.

7.30 pm

Julia Goldsworthy: I hope that employees feel the same way as employers.

Another major problem is the way in which the scheme has been axed with no warning. That has had a negative impact on a variety of businesses. Last week, Meriden announced profit warnings, which are partly due to its significant involvement with the HCI scheme.

On a smaller scale, I was contacted by a business called BizApp, which is based in Cheltenham and was expressly set up to help smaller businesses access the scheme. It now faces the loss of six jobs. It established its business because it identified precisely the same problem about which the Government are now talking: it is difficult for smaller businesses to access the scheme. It found a solution, by automating the process and providing the three-year warranty and support package that so many people found attractive and that small businesses could manage to administer. It wrote:

"We became involved in HCI in 2004 and realised very quickly it was impossible for the industry to bring HCI to the Small to Medium Business Sector because the process was still too complex ... We therefore developed an online platform which automated the whole process. This was no easy task because it was necessary to ensure that all the relevant legislation was adhered to and the platform allowed resellers who use our platform to make substantial savings over the manual methods."

The company was therefore clear that it had identified a problem and found a way in which to overcome it. However, it now faces making its staff redundant because the Government claim that there is insufficient participation from those on lower incomes and more deprived sectors. It is illogical that it cannot now participate in the process of helping people access the scheme.

It is disturbing that the Government have taken so long to provide any indication of the mechanisms on which they will focus their resources. It is interesting that option 2 was rejected because it did not help people from deprived backgrounds. Option 3 announces all the savings and gives no idea of how the Government would target support. That is important because many businesses have invested in and built up infrastructure to provide the HCI. They could use their expertise and investment to provide the scheme to people from more deprived backgrounds, yet all elements of certainty for their business have been taken away. That will have an impact on their confidence to invest in any future scheme and future Government proposals.

Mr. Kevan Jones: I have been listening carefully to the hon. Lady. How will low paid workers, the unemployed or the elderly, to whom my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) referred earlier, benefit from the scheme?

Julia Goldsworthy: I can give the hon. Gentleman a precise example of someone to whom I spoke this morning and who is using the HCI to buy a computer for his mother, who is a pensioner. The whole point of the HCI was to bring computers into private use and encourage their use in the home. Why, therefore, has the Paymaster General rejected modifying the scheme to ensure that the abuses that she mentioned do not take place?

Peter Luff: For the second time in the debate, the Paymaster General indicates that she does not understand the purpose of the scheme that she is abolishing. She shook her head in dismay at the example that the hon. Lady provided, when, according to the Department of Trade and Industry document, which was produced jointly with the Department for Education and Skills and other Departments, that is exactly the sort of purpose for which the scheme was

[Peter Luff]

established. It was to take computers into homes, not for business purposes. The Paymaster General clearly does not understand that point.

Julia Goldsworthy: The hon. Gentleman makes a good point. The scheme was an initiative to bring computers into the home. Why, therefore, did the Paymaster General reject option 2 and why was the new scheme announced only today? I hope that she will reply in her winding-up speech.

Mr. Wills: I welcome today's announcement by the Government of the digital inclusion team. It is welcome not least because it focuses on the overriding objective of ensuring that all those who are potentially excluded from the benefits of access—everyone who has spoken said that such access was essential—to fast-changing new technologies remain the priority. The emphasis will be on them, not some specific scheme, which, I accept, was relevant when it was introduced and was, incidentally, opposed by Opposition parties at the time. We should focus on the ends, not the means. I therefore greatly welcome the digital inclusion team but I want to ask for reassurance about two matters.

First, my right hon. Friend the Paymaster General spoke generally about those who are potentially excluded from the new technologies. I should be grateful for an assurance that one of the key focuses of the new digital inclusion team will be lower paid workers, especially those on the national minimum wage for whom access to new technologies could be crucial to help them upskill and move up the employment ladder, as my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) rightly stressed.

The second point is more technical. My right hon. Friend referred to digital television. Of course, that could be enormously important. We are about to move to a switchover from analogue to digital television and that will clearly be important in many different ways. However, I hope that she will reassure me that she will not ask the digital inclusion team to rely on digital television as the main passport to literacy in the new technologies. It is important to bear in mind that there will be a plethora of ways in which to access the new technologies and that the computer is likely to remain important for most people, if not everybody, in that regard. I should therefore be grateful for some reassurance on those points.

Peter Luff: Although you rightly rebuked us, Mrs. Heal, for getting a little excitable earlier in the debate, I know the Paymaster General well enough to realise that she will not take it personally. In that spirit, I join my hon. Friend the Member for Rayleigh (Mr. Francois) in wishing her an extremely happy birthday. I am sorry that she has to pass it here.

I have two separate concerns. First, was the scheme a good thing—yes or no? A related question is whether it could have been improved. Secondly, was the manner in which it was abolished satisfactory? Although my colleague on the Committee, the hon. Member for Wolverhampton, South-West (Rob Marris), said that I spoke from constituency interest, as Chairman of the Select Committee on Trade and Industry, I am also worried about the impact of the scheme on the Government's strategy for bridging the digital divide to build new societies. The scheme was originally believed to have played an important part in the process. I freely declare my constituency concern, but I also have a genuine anxiety about the broader issues that precipitate change in Government policy raises.

The scheme's demise deserves a tribute along the lines of Mark Antony's celebrated speech in "Julius Caesar":

"Friends, Romans, countrymen, lend me your ears;
I come to bury Caesar, not to praise him.
The evil that men do lives after them,
The good is oft interred with their bones".

I come to praise the home computing initiative, not to bury it—the Chancellor has done that. The good that the scheme has done lives on. The computers are in homes and much good has been done. The scheme has made a contribution to fulfilling the Government's key objectives of improving IT skills and productivity and increasing access to the internet in UK homes.

I repeat that the Paymaster General made several sedentary comments earlier that suggest that she does not understand the purpose of the scheme. It was not a business scheme but was provided by businesses to their employees for personal use. That was what made it so strong, successful and important. I hope that she has now understood that. The scheme was not for business use of computers at home.

Stewart Hosie: The hon. Gentleman has made that point a few times during the debate. On 24 April, the Paymaster General said:

"With effect from 6 April, a tax charge will arise on computer equipment made available by employers to their employees for private use."—[*Official Report*, 24 April 2006; Vol. 445, c. 461.]

Perhaps she understood the point on 24 April but does not understand it today.

Peter Luff: That is a helpful intervention, which speaks for itself.

The scheme was universally approved by the outside world, including all the stakeholders—to use the Government's word. Although consensus is normally a cause for some concern, it is occasionally right. Those who provided the equipment, those who used it, the trade unions, the CBI—indeed, everyone—believed that the scheme was good and an excellent example of an effective Government-private partnership.

Alas, the evil that the Chancellor has done by abolishing the excellent scheme will live on. Jobs will be lost. There is an HCI industry and companies had invested large sums of money in developing marketing initiatives, in the expectation that it would run for at least an extra two years. One of the questions that I tabled to the Chancellor, to which I have received no reply after more than a month, asked why it has been abolished sooner than anticipated. Large amounts of investment were made on the back of an assurance that the scheme was important and that the Government were committed to it.

Stephen Hesford: I am interested in the hon. Gentleman's argument that an HCI industry exists. Is he arguing for a state subsidy for that industry?

Peter Luff: No, not at all. The hon. Gentleman does not understand how much money the industry has had

to invest to make this scheme work. After the debate, I will happily show him the Government's own documentation on how employers and employees should implement the scheme. It is very complicated and difficult; it is not straightforward. The Department for Work and Pensions had a significant sized team of officials working on how it should be implemented, but that scheme has now been abolished, when it was on the point of succeeding.

As I said, the scheme was difficult and complicated. It did not work in 1999, and it was effectively rebooted in 2003 and relaunched in 2004. It is just beginning to have an impact now, which is what makes this precipitate decision so unfortunate. Evesham Technology will survive this body blow, but income from the scheme represents a quarter of its turnover. About £1.5 million a month will disappear overnight.

I was going to make this point to the Paymaster General later, but I have been drawn into making it now. I am about to be nice to her, so I hope that she will listen. No? I will not hold my breath. I might come back to the point later when she can hear. I was about to express my great gratitude to her for the way in which she reacted so diligently—

Dawn Primarolo: I can assure the hon. Gentleman that I was not speaking when he accused me of doing so. I am listening to him, but I do not need to look him in the eye to hear what he is saying.

Peter Luff: I am sorry. I thought that the right hon. Lady was reading something.

I am genuinely grateful to the Paymaster General for the way in which she responded to the concern about the impact of the Office of Fair Trading's involvement in the initiative. She was magnificent. She now looks slightly puzzled. Each and every scheme approved under the initiative had to go to the OFT because it technically breached the terms of the Consumer Credit Act 1974. There was huge backlog of cases, and if the scheme had been abolished overnight—as was originally intended—many thousands of computers that had been earmarked for consumers would have been lost. Now, Evesham Technology will have four more months' turnover at £1.5 million a month, so the Paymaster General's action—for which I had to fight hard with her and the OFT—was really appreciated. She has enabled companies such as Evesham Technology to plan for the future, instead of being dumped in it very suddenly. I am genuinely grateful to her for that.

However, a very worrying evil has been done. There is no doubt that those involved in the IT sector—often big multinational companies, not just small ones—have been shocked by the precipitate way in which this Government strategy has suddenly been torn up. I can tell the Paymaster General with absolute certainty that this will reduce industry support for working with the Government on such schemes. The industry will not be prepared to commit management resources and expense to such projects if the Government are suddenly to decide to throw them out.

Sadly, I am not allowed to name the company involved in the scheme, but I can tell the Paymaster General that one multinational IT company that had earmarked a multi-million pound investment for an education IT partnership in this country has now decided to abandon it and to move to another of our European Union competitors. I shall call it a competitor for the purposes of this argument. So the abolition of the scheme has already had the effect of shifting the support of major multinational players away from this country. The manner in which the Government have abolished the scheme is having a serious impact. I am particularly sad that no replacement schemes have been identified or funded, and I am really worried that we will lose the infrastructure to deliver any future schemes that the Government might introduce.

Mr. Francois: My hon. Friend is making an extremely important point. When companies, especially large multinationals, consider making investment decisions, they look at a whole range of factors. One of the most important is confidence in the continuity of the tax regime in the jurisdiction in which they plan to invest. Decisions such as this are therefore injurious, in that they will damage that confidence and have a long-term knock-on effect on investment in this country. Would my hon. Friend like to amplify that point a little more, because of its importance?

7.45 pm

Peter Luff: I have talked to many representatives of the Home Computing Initiative Alliance, and they have all expressed their deep concern about the Government's intentions, not just on taxation but on all the initiatives related to home computing. Which of the initiatives will endure? Which will be torn up without warning at the eleventh hour, leaving the massive investment and effort made by the companies worthless and in tatters? This is a serious issue.

Mr. Wills: Will the hon. Gentleman clarify the point raised by the hon. Member for Rayleigh (Mr. Francois) about the importance of stability in fiscal regimes? That was a good point, but does it mean that the Conservatives have now abandoned their plans for a flat rate of tax?

Peter Luff: I am not going to speculate on the tax policies drawn up by my Front-Bench colleagues. I do not have any knowledge whatever of them. We all believe that tax policies should change and evolve over time; that is not in dispute. If the Government had made a good case for the abolition of the HCI, I would have accepted its abolition. However, they did not, and they have abolished the scheme in the worst possible way. That is the problem. If only they had taken a bit more time and care over its abolition, we might not be having this debate tonight.

I remind the Paymaster General that, on 19 January 2004, the then Secretary of State for Trade and Industry—now the Health Secretary—said at the relaunch of the scheme:

> "For individuals—as well as cost savings—HCI schemes can help realise personal and professional potential. Through improved ICT access and use, they provide the tools and resources which further individual learning, enhance workplace skills and increase employment opportunities."

[Peter Luff]

In January this year, on the second anniversary of the scheme, the Minister for Industry and the Regions said that the

"HCI provides a great example of what can be done when the government and industry are working together to fulfil policy objectives".

On 13 March, he repeated that praise in *The Times*, in a supplement on the HCI, when he stated:

"Since 2003, our home computing scheme has promoted the Government's aim of widening the ownership and use of computers at home, while helping our aim of bridging the digital divide."

As the Paymaster General knows, the DTI offered the scheme to its own staff for the first time on 15 March this year. It was still encouraging its staff to take up the scheme even on the very day of the Budget. It came as a total surprise to the Secretary of State for Trade and Industry that it was to be abolished. That is a matter of public record.

The most extraordinary quote of all comes from the Chancellor of the Exchequer in his 1999 Budget:

"Inequality in computer learning today will mean inequality in earning power tomorrow, so to bring more computers into more British homes, we will legislate so that employees will be able to secure computers on loan from their companies as a tax-free benefit ... In the new economy, the more individual talent we nurture, the more economic growth we will achieve."—[*Official Report*, 9 March 1999; Vol. 327, c. 180.]

Yet at the precise moment at which that ambition was beginning to be fulfilled, the scheme was abolished.

The reasons that the Paymaster General gave earlier for abolishing the scheme do not bear even the most cursory critical examination. The job has not been done. She made derisory comments about a 4 per cent. increase in the number of people taking up that initiative, but that is 1 million households by my reckoning. If we are to be internationally competitive, we have a long way to go to increase the penetration of computers in households.

I was particularly disturbed by the Paymaster General's comments on the abuse of the scheme. Of course, everything that we do is abused. The VAT system is abused, and I expect that many hon. Members would love to see it abolished, but I doubt that that would be the response to its abuse. Instead, the response would be to close the loopholes and to police the system more effectively. That should have been the Government's response to abuse of the HCI scheme. If there was significant abuse—which I genuinely doubt—the response should have been to close the loopholes. Indeed, the industry is bursting with ideas on how to close every possible loophole.

As I said earlier, I take particular exception to the Paymaster General's suggestion that Evesham Technology was abusing the scheme by marketing other products. Some of those products were specifically allowed under the scheme. Her Majesty's Revenue and Customs kept the terms vague because it said that it wanted to allow room for emerging technology. Actually, the industry would have liked the terms to be tighter, to avoid any possible abuse. Also, as good entrepreneurs, representatives of the industry offered other products outside the scheme at full market cost in their brochures. They were trying to sell more kit. That is a natural reaction for enterprise. HMRC made the fatal error—a tragic misunderstanding that further undermines my confidence in it—of thinking that those products were being offered as part of the scheme. They were not; they were add-ons that were not included in the scheme's terms. I accept that there is bound to be a modest amount of abuse, but I fear that the abuse that the Paymaster General has referred to will turn out either to have been very modest indeed or to have involved a complete misunderstanding of what was actually going on.

I completely reject the idea that the scheme was not properly focused, because 375,000 lower-paid workers have already benefited from it. All the signs were that, as the scheme extended down into the small and medium-sized businesses, more and more lower-paid workers would benefit. It is no good the Paymaster General shaking her head in disbelief: that is what the evidence showed. It is quite clear that that was beginning to happen.

The TUC expressed its strong support for the scheme. Brendan Barber stated:

"The Home Computing Initiative has helped thousands of low paid workers without confident IT skills buy their first ever computer. Unions up and down the country have been promoting the scheme, often linked to training schemes. The sudden closure of the scheme would mean that many hours of voluntary union effort would go to waste."

I am not sure whether that was the quote that my hon. Friend the Member for Rayleigh cited earlier. I do not think that it was.

As for suggestions that higher rate taxpayers particularly benefited, I note that the foreword to the information and guidelines booklet referred to developing,

"a broader skills base for all employees",

not just lower-paid ones. The Government were not focusing on those workers then, and they boasted about the greater benefit that higher rate taxpayers would get from the scheme— the combined taxation benefits meant that the price of a computer fell by 41 per cent. for those higher rate taxpayers compared with a 33 per cent. discount for basic rate taxpayers. An advantage that the Government were trumpeting then is now suddenly a reason for abolishing the scheme.

We all know that the sole reason for the removal of the scheme is that the Chancellor wanted to save some money at the eleventh hour. That is the only explanation for the fact that the proposal was put in the Budget at the last minute, without any of his colleagues in Whitehall even knowing that it was being considered. That is what makes it so sad. Although I was interested to hear what the Paymaster General had to say in her opening speech, she sounded more like the Secretary of State for Trade and Industry than the Paymaster General. We need to know where responsibility for delivering the Government's digital strategy resides. I wrote to the Prime Minister, following an unsatisfactory exchange in Prime Minister's questions last week, to ask him whether that responsibility now lies with:

"The Chancellor, who did not understand the very serious consequences of his precipitate actions, or the Trade and Industry Secretary, who had only just offered this excellent scheme to his own departmental staff?"

Such crucial policy cannot be made on the hoof in response to bad Budget decisions, but that is what we have seen tonight, and that is why I am so concerned.

I could go on at great length, but other Members wish to speak and we wish to hear the Paymaster General's response. I know that I have sounded excitable and angry at times; that is because I am angry about the way in which the scheme has been abolished. It was delivering the Government's objectives and I resent the way in which they are rewriting history to say that it was not. The method of its abolition was handled appallingly, causing maximum possible despair and despondency in the industry and destroying the vital bond of trust that should exist between Government and the private sector in this important area of policy.

I had hoped, with more time, to list ways in which the scheme could have been improved, all of which have been suggested by the industry, which was discussing them with HMRC officials a few days before the Budget—only a few days before the scheme was abolished. That is what I find utterly extraordinary. Not even HMRC had the slightest idea that the Chancellor was planning to abolish the scheme. It was a last-minute decision, and I plead with the Paymaster General for it to be reconsidered. At least the scheme should be given an extra year for an orderly phase-down while satisfactory alternatives are put in place.

Mr. Kevan Jones: I agree with the aspiration of the hon. Member for Rayleigh (Mr. Francois) for wide use of computers in homes across the country. Members on both side of the Committee would agree with that. Part of my constituency is in South Stanley, which is in the top 10 most deprived wards in the country and has one of the lowest uptakes of IT skills, and I doubt whether many of my constituents in that area have benefited from the HCI scheme.

My hon. Friend the Member for Wolverhampton, South-West (Rob Marris) made the point that the Opposition have portrayed this scheme as the only one put forward by the Government to extend computer literacy and the availability of computers in communities. In my constituency, putting money into education is doing more to increase the use of computers and computer skills, and the Chancellor gave extra money to education in the last Budget. In every school that I visit, I see not only laptops being used by teachers but interactive whiteboards and young people using IT skills in a way that could only be imagined a few years ago.

I referred earlier to the trade union movement, which, I understand, the Conservatives now support. I get confused about their position from day to day. One thing that has led to improved IT skills in many workplaces is the trade union learning fund, which has been consistently opposed by the Conservative party. I look forward to its support in future for that vital initiative, which has brought learning into many workplaces and reached some of the lowest-paid in society. In addition, Durham has a new further education college, with funding for IT from the Government. I reiterate that the Government have not just been tackling lack of IT skills and computer equipment in communities through the HCI scheme but through, as my hon. Friend the Member for Wolverhampton, South-West said, a mosaic of measures.

That is demonstrated by a good initiative in the South Stanley school of technology run by Janet Bridges, the head teacher. That initiative is not just about enabling students to pay for computers; it is giving computers to 300 children, and is paid for by the Government's neighbourhood renewal funding. In those communities, that is the only way in which some children would get direct access to computers at home. Rather than spawning a private industry, it has already allowed local people to create infrastructure and support. Although the HCI scheme has been successful in some parts, it will not reach the hard core of people in poor communities, such as those that I represent, who will not get access to computers without such funding. That is why I support funding being directed to those areas.

I have heard some criticism of the way in which the scheme has been wound up, and the hon. Member for Mid-Worcestershire (Peter Luff) made his points well. I find it strange, however, that the Conservatives and Liberal Democrats are now arguing that this type of scheme, of which the late lamented J. K. Galbraith would have been proud, reflects a kind of Keynesian view that money should be put forward to support the computer industry, which, as we know, is a poor and dying sector of our economy. I am sorry, but that is not what it is meant to do. It is meant to direct resources to and ensure skills in some of the poorest communities. That more targeted approach, which the Government are adopting, will bear fruit. In my constituency, I will support that direct help to low-paid, elderly and unemployed people, who need access to computers and skills not just in the home but in village halls and libraries

Peter Luff: The hon. Gentleman is making an important point—of course we want lower-paid people to get access to information technology. To make maximum use of that, however, it must be in their homes. There is no point having open access schemes in public places where people will be reluctant to enter private and confidential data. In relation to the success of the Government's e-initiative, people will not fill out an income tax return online in a public place or do anything confidential where they cannot secure data, and families will not get the benefit. If low-paid people are to benefit most effectively, computers must be in their homes.

Mr. Jones: I take the hon. Gentleman's point. Unfortunately, however, I, unlike the hon. Member for Falmouth and Camborne (Julia Goldsworthy) who referred to her elderly or low-paid constituent whose rich relative purchased a computer, do not have many constituents for whom that is the case. In schools, hardware is being given to kids because that is the only way that they will get access to computers in the home. I do not disagree with the hon. Gentleman's points, but he must recognise that many low-paid workers, unemployed and elderly people will not be able to purchase the equipment. I would be radical and say that in some cases we should give the equipment free to certain user groups, as it will end up certainly saving them money and also saving the Exchequer money in relation to the accessing of certain services. I would welcome support for that initiative from the Conservative Front Bench.

[Mr. Jones]

As other Members have pointed out, the scheme has been successful in allowing certain sections of the community to access computers. That is good, but we now need to ensure that we direct money and resources to those who will never get access to computer equipment or IT skills unless we do such targeting.

Mr. Newmark: This year, the Chancellor presented a Budget for Britain's future, a Budget which will supposedly equip this country for the increasing challenges of global competitiveness. Unfortunately, clause 61 will do anything but that. The foreword to the HCI guidelines published in 2004 had no hesitation in stating that the scheme was an extremely powerful catalyst for an organisation that wants to exploit the clear and indisputable link between individual learning, workplace productivity and overall competitiveness.

The then Secretary of State for Trade and Industry, now the Secretary of State for Health, has fallen on hard times since the heady days when she was able to add her signature to a statement, alongside those of the director general of the CBI and the general secretary of the TUC. If only the Royal College of Nursing were as co-operative. The strength of Government support was also indicated by the fact that the guidelines were issued by three Departments: the Department of Trade and Industry, the Cabinet Office and the Department for Education and Skills, with—I stress the word "with"—the backing of the Treasury.

8 pm

Sadly, Members have not been surprised by the lack of consultation before the scrapping of the HCI, but the contrast between the close co-operation of 2004 and the chaos of 2006 is particularly stark. No longer is there joint authorship; the DTI itself was busy investing thousands of pounds in a scheme for its own staff, unaware that just across the road in the Treasury, Ministers were planning to axe the very same scheme.

We should also contrast the flamboyantly named Office of the e-Envoy, which existed until 2004, with the present e-Government Unit. The first had a responsibility to get the nation online, and, with the HCI, piloted a project that actually worked. Its successor focuses on

"delivering and transforming public services through information technology."

We now have the paradox of a Government investing in online services—an example is the £340 million spent by Her Majesty's Revenue and Customs on expanding electronic tax returns—while simultaneously cutting spending on a project that has successfully delivered on its promise to increase the uptake of personal computers by low-paid workers. There is a delightful irony here, which I know many of my hon. Friends will appreciate: in the long litany of disasters that have come about because of Government investment in IT projects there is one notable success, and it is being cancelled. Perhaps the Government will consider applying some of the £71 million compensation which has been paid as a result of the tax credits IT fiasco to the continuation of the HCI scheme. The subsidising of a success by a disaster would be a rather neat compromise.

On Second Reading, the Chief Secretary reminded the House that

"times have changed and are changing rapidly".—[*Official Report*, 24 April 2006; Vol. 445, c. 368.]

Indeed they are, but they are not changing so rapidly that they excuse the total absence of consultation on the end of the HCI. The hon. Member for Wolverhampton, South-West (Rob Marris) was also helpful when he said that this issue

"seems to have become a big deal".—[*Official Report*, 24 April 2006; Vol. 445, c. 410.]

I am sure that my constituent Mr. Jon Emin is grateful for that sage pronouncement. I should add, however, that the hon. Gentleman made some thoughtful suggestions in his speech today.

Mr. Emin is the director of a company which, over the past few years, has been working to deliver the NCI scheme to the NHS. To date, he has helped to provide some of the 15,000 personal computers for nurses. He wrote to me that the HCI was

"one of the few good things that this current Government"

have achieved. He continued:

"There are still millions of low paid workers—in smaller organisations which are now finally being reached by the HCI administrators—yet to take advantage of this scheme, not to mention all the nurses, council workers and teachers who have not yet been given the opportunity to take part.

Is this fair? We think not.

The Government claim that it's trying to help UK Plc become more IT literate, but this clearly goes against that claim."

My constituent enclosed a copy of a letter that he had received from the director of finance at the Public and Commercial Services Union. It stated:

"We were about to introduce the scheme to our staff and have over the last few months undertaken a considerable amount of work to get the scheme off the ground. Both PCS and its employees are therefore extremely disappointed"

that the Government intend to end the scheme. As I am sure the Paymaster General will tell us, taxpayers are often "extremely disappointed" by Budget measures that leave them worse off, but the Government have given no explanation for their decision, and there is a sense that the Chancellor may have believed that no one would notice clause 61.

Let me now deal with the question of definitions in amendments Nos. 2 and 17. On Second Reading, the Paymaster General gleefully challenged my hon. Friend the Member for Chipping Barnet (Mrs. Villiers) on what definition of computer equipment should be applied for the purposes of the scheme. She should have been a little less triumphant. In the Standing Committee that considered the 2004 Finance Bill, my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) asked her

"to clarify what is included as eligible equipment."

That was two years ago. If the Paymaster General had given an answer in 2004, she might have been able to prevent the two years of abuse—[Hon. Members: "Alleged abuse!"]—alleged abuse—that the Government are using as a justification for axing the HCI. Instead, she said that the Office of the e-Envoy

"will be monitoring take-up in the coming months. That information will demonstrate to us whether the £500 is reasonable, what type of equipment is being purchased and how wide take-up is."—[*Official Report, Standing Committee A*, 18 May 2004; c. 216–8.]

It is sad, therefore, that the Office of the e-Envoy was itself axed along with whatever evidence of abuse it may have found. The Government should have provided a definition of computer equipment back in 1999, and certainly when Ministers were pressed for one in 2004. A definition must be open to regular review.

iPods have been mentioned with some derision in debates, but the average iPod now has more memory than the average home computer did when the scheme was initiated in 1999. Furthermore, podcasting is increasingly being used as a business tool. That is why amendment No. 2 emphasises the need for industry and user consultation, with the aim of arriving at a workable, flexible definition that is not open to abuse.

The notion that people have been buying games consoles and iPods is as yet unproved, but I was interested to learn that "entertainment" was among the list of benefits that the DTI believed to stem from home computer ownership. It was mentioned in its 2004 guidelines, along with education, e-mail and e-government, as my hon. Friend the Member for Mid-Worcestershire (Peter Luff) pointed out earlier.

It seems always to have been envisaged that

"most new computers support the latest video game, DVDs and other popular multimedia formats."

Why the Government's new-found technological puritanism?

Before I end my speech, I want to refer to the lack of evidence and the solution proffered by amendment No. 18. In 2004, the Paymaster General said:

"Since the exemption was introduced, we have not had exact figures on the take-up for obvious deregulatory reasons."—[*Official Report, Standing Committee A*, 18 May 2004; c. 217.]

Conservative Members are all in favour of deregulation, but it is unfortunate that this single example of obvious deregulation should have had the inadvertent effect of undermining a successful IT initiative.

The Minister for Industry and the Regions, the right hon. Member for Cardiff, South and Penarth (Alun Michael), admitted in a recent parliamentary answer:

"I am unable to provide a statistical breakdown of how many individuals have participated in the Home Computing Initiative Scheme in each year since 1999, broken down or by region."

Instead, he said only that

"A recent estimation provided by the HCI Alliance (BT, Intel and Microsoft) indicates that over 500,000 units have been loaned under the Home Computer Initiative Scheme since 1999."—[*Official Report*, 25 April 2006; Vol. 445, c. 989W.]

The Government's evidence base for axing the HCI seems to have been provided by the very organisation that is lobbying for its continuation. That is an absurdity. Perhaps the Minister will tell us where is the evidence, where was the consultation, and where is the need to scrap an IT project that has helped the lowest-paid people to improve their skills and prospects.

Mr. Gauke: I want to make four brief points about the proposal to abolish the HCI, which is perhaps symptomatic of the Government's approach to many forms of taxation.

First, I want to echo the point made forcefully by my hon. Friend the Member for Mid-Worcestershire (Peter Luff), in what I thought was an excellent speech, about the uncertainty created by constant tinkering with taxation regimes. If incentives are introduced, expanded five years later and abolished two years after that, there will always be the difficulty of businesses not being confident that they are working in a stable environment. Such a situation can impact on research and development, for example; indeed, it has had a considerable impact on productivity. This Government, and particularly this Chancellor, have a tendency to meddle and to tinker, and this is an example.

My next two points relate to the taxation of employees and employers in respect of home computers—an issue raised by my hon. Friend the Member for Rayleigh (Mr. Francois)—which are treated as a benefit in kind. One consequence of abolishing the HCI is that the question again arises of how home computers are treated. They will not be considered as a benefit in kind where their personal use is not significant, and guidance will be provided on this issue. However, businesses will obviously have to police such usage carefully. They will have to issue guidance themselves and monitor employees to ensure that computers are not used for personal purposes. However, most work computers are to some extent used for personal purposes. I suspect that most people occasionally use computers at work for personal matters and for sending personal e-mails—that is what happens in the real world—and the same applies to the use of home computers. Of course, people are supposed to use computers to complete their tax returns, but that, too, is personal use. So the clause will impose a significant bureaucratic burden on business, which is often another consequence of Government policies.

As I said, the Government are going to introduce guidance, and I suspect that there will be a generous and fairly broad definition of what constitutes insignificant use. I am slightly worried, however, at the prospect of the law saying one thing and the guidance saying another—it is saying that people need not worry. My fear is that, instead of having a tightly defined law that people should obey, we will have a loosely defined law that people will obey only sometimes, depending on the guidance. That would not be an ideal arrangement.

Rob Marris: Surely it is up to a business to decide whether such use is significant. If it is, class 1 national insurance contributions would have to be paid. If it is not, it is a benefit in kind, on which tax is paid by the employee, not the employer.

Mr. Gauke: The employer, when providing such a facility to their employees, will be expected to provide some advice. As the hon. Gentleman says, national insurance contributions would have to be paid, and the employer would need to take a view on that point. A degree of monitoring would be required.

My fourth point relates to one that the hon. Member for Wolverhampton, South-West (Rob Marris) made with characteristic candour: the lack of consultation surrounding this proposal, which was rushed out without regard for the need to examine the various arguments. The Paymaster General says that there is concern about possible abuse, but why do we not look at this proposal closely and carefully? We have heard about how other countries deal with this issue—how one can have an HCI scheme without its being abused. My hon. Friend the Member for Rayleigh and others

[Mr. Gauke]

referred to what I call the "Minnie the Moocher" argument: if the Paymaster General had looked at the scheme in Sweden, it would have given everything that she was needing. That did not happen, which was a great pity.

Dawn Primarolo: Is the hon. Gentleman aware that the Swedish scheme has been recommended for abolition, and for exactly the same reasons as we have abolished the HCI here?

Mr. Gauke: My understanding is that that scheme is in place. Indeed, we heard earlier that the Danish scheme was abolished and then brought back, because it was missed.

We have to ask why the HCI is being abolished. I suspect that the Treasury was looking to save a few hundred million pounds, and that the HCI caught the eye of someone there. That is a great pity, but perhaps there is also another reason. The Chancellor has been associated with various polices, such as the individual learning account. He was criticised for being very slow in identifying fraud and misuse of the ILA, and he resisted getting rid of it. I wonder whether the question of not allowing the HCI to continue was a sensitive issue for the Treasury. None the less, the Government's scrapping of that scheme was a panicky overreaction. There should have been consultation and we should have addressed the real concerns, but that has not happened.

8.15 pm

Mr. Dunne: I am grateful to you, Mr. O'Hara, for allowing me to contribute to this debate. This is a novel experience for me on two counts. This is the first time since joining this House that I have attended a debate in which the Government are insisting on scrapping a successful measure; in my experience, they usually seek to abandon failed initiatives that they have introduced during their tenure. To witness them abandoning a successful one is surprising, to say the least.

I am pleased that the Paymaster General has an opportunity today to defuse criticism of this penny-pinching, revenue-retaining measure by making a positive announcement on digital inclusion. In my experience, the Paymaster General is usually asked to defend the indefensible on the Chancellor's behalf, but today she is able to announce some good news. However, it is a classic new Labour move: on the one hand, we are debating a measure, the withdrawal of which will save the Treasury £300 million over three years; on the other, Labour is sweetening the pill with a £50 million new initiative, but it is merely a sleight of hand to try and distract attention from the bigger issue.

Having said that, I welcome the digital inclusion initiative and I should like to comment briefly on it, given that the Paymaster General introduced it into this debate. I hope that the new cross-departmental unit will address the severe shortcomings of the digital TV footprint. It is claimed that digital TV will reach 98.5 per cent. of the population. Given that the Paymaster General has taken an interest in this subject, I will send to her and to whoever is responsible for running the new unit a map that the *Shropshire Star* helpfully provided. It shows the area along the Welsh marches that would be excluded from digital TV coverage. That area includes most of the western half of my constituency and all the area classified as an area of outstanding natural beauty, which amounts to about 80 per cent. of south Shropshire district. I look forward to hearing about the measures that this magnificent new unit will implement to provide coverage for my constituents.

I want to speak to amendment No. 2 to clause 61. The home computing initiative has encouraged home-working, and before I illustrate this issue with some comments about my constituents, I want briefly to highlight some of the non-financial benefits that derive from home working of which the Paymaster General may not be aware. BT, one of the largest employers in the country, has undertaken research among its work force. It states:

"People working from home are 7 per cent. happier than their office-based colleagues".

So there is a happiness quotient to this issue. The research also noted that there is

"20 per cent. less absenteeism than the national average"

among such people, on account of BT's home-working policy. These non-financial but none the less important factors are being put at risk by this penny-pinching Government measure. There are 8 million people working from home, who—

Dawn Primarolo: People working from home are not affected by this measure. The hon. Gentleman is speaking to an amendment that has not been selected and about a subject that we are not debating.

Mr. Dunne: As I said earlier, I am supporting my Front-Bench colleagues' amendment to clause 61, which we are debating and which is about home computing.

The Temporary Chairman (Mr. Edward O'Hara): Order. I must rule from the Chair that the Paymaster General is correct: amendment No. 2 has not been selected.

Mr. Dunne: I stand corrected, Mr. O'Hara, and I am grateful for that clarification.

On the general subject of home computing and the amendments that have been selected, I want to draw to the attention—

The Temporary Chairman: Order. According to my information, no amendments to clause 61 have been selected.

Mr. Dunne: I am grateful again, Mr. O'Hara, for making that clear. I shall therefore explain very briefly why the Government's proposals are so important to me and my constituents.

Shropshire was the home of the first industrial revolution, and it is also the home of the current home working revolution. I represent the southern part of the county and am delighted to say that it is second only to the Isles of Scilly—and the House will not be surprised that there is significant amount of home working there—in terms of the number of home workers per head of the population. In my area, 15 per cent. of self-employed people now work from home.

Dawn Primarolo: What is the relevance of those figures?

Mr. Dunne: The Minister is questioning the relevance of those figures—

Mr. Ivan Lewis: What is the relevance of the whole speech?

Mr. Dunne: The relevance is that home working is put at risk by the Government's proposal to scrap the home computing initiative, which has meant that people, especially in rural areas, now have improved access to broadband, for example. It has also improved access to work for those people in deprived rural areas who lack public transport and job opportunities. Even people with their own transport have to travel a long way to work in such areas.

Rob Marris: At the risk of detaining the House, will the hon. Gentleman say more about his statistics? Labour Members usually understand the term "home working" to mean the gross exploitation of labour, such as paying people piece rates to pack Christmas crackers at home. It is not taken to mean the wonderful world of telecommuting by computer.

Mr. Dunne: I shall give the House a specific example of the sort of effective and high-tech home working that goes on in my constituency and across the country. A company called Premier Medical processes insurance policy claims, and about half of its staff work from home. The hon. Gentleman is a neighbour of mine and, if he is interested, I should be delighted to take him to meet the magnificent managers who have relocated the business to my area from the south-east.

I hope that the Paymaster General will explain why the Government want to scrap an initiative that is working so well.

Mr. Francois: It falls to me sum up this interesting and sometimes vigorous debate on the future of the home computing initiative and clause 61. A number of contributions were made and I am sorry that time constraints mean that I cannot refer to all of them individually, but I shall attempt at least to genuflect to some where I can.

I welcome the Paymaster General's commitment that HMRC, in consultation with industry, will issue guidelines to define what constitutes a "not significant" use of a computer. We have pressed the Government on that quite hard over the past week. We tabled amendments on the subject, and I am pleased that the Government have listened to us and agreed to produce a definition. I hope that it will remove doubt, but I repeat that it would be better to delete clause 61 from the Bill, so that the problem would not arise in the first place.

First, in her opening speech the Paymaster General did not provide a convincing rationale for abolishing the scheme. She talked vaguely about a few websites that provide examples of inappropriate equipment, but was unable to quantify that or to put clear figures on the extent of the abuse. If the Government's argument is based on the claim that abuse has been widespread, I should have expected the right hon. Lady to have been able to give firmer examples.

Secondly, we have argued that the scheme could be saved by being more tightly defined. The abuse that the Government claim is going on could be prevented if they were to produce an inclusive list of the products that would continue to qualify, and an exclusive list of those that would not. We have referred to the other countries that have done exactly that, and I point out to the Paymaster General that although a debate is taking place in Sweden about whether the scheme there should continue, it is still in force and is likely to remain so. It is incorrect to say that the Swedes have decided to scrap it: they are debating what to do.

Peter Luff: My understanding is exactly the same as my hon. Friend's. I left the Chamber to check what was happening in Sweden, and was told by a person in that country that the scheme is not going to be scrapped. If the Paymaster General has contradictory information, she should share it with the House.

Mr. Francois: I agree with my hon. Friend, the Chairman of the Trade and Industry Committee. We have used Sweden as a specific and empirical example of how guidelines could be produced to allow the scheme to survive, were the Government so minded. The problem is not one of definition; it is that the Government wants the money.

Thirdly, the Treasury's own regulatory impact assessment confirms that a more tightly defined scheme could be continued at a reduced cost to the taxpayer. Option 2 of the Treasury's RIA is entitled "Refocus the Exemptions"—exactly what we have argued. The Treasury estimates that a refocused scheme would cost £190 million a year to 2010–11, compared with the £370 million a year that the scheme would cost were it to continue unaltered. I refer the Paymaster General to the table printed below paragraph 76 of the RIA.

It is therefore possible to refocus the scheme, keep it alive and save all its benefits—and save money for the taxpayer in the process. That has to be a win-win proposition and the House would be wise to adopt it. Arguments in the scheme's defence have been made by the CBI and the TUC, other Government Departments such as the DTI, employers that have implemented it at the Government's behest, companies that were set up to support it and the people who are benefiting. However, given the attitude exhibited by the Paymaster General and the other Labour Members who have contributed to the debate, I fear that the Government have closed their ears and minds to them all. To put it bluntly, they are minded to take the money instead.

This is a poor decision. It will be detrimental to our long-term competitiveness in the 21st century, not least in respect of countries such as China and India. Moreover, as my hon. Friend the Member for Mid-Worcestershire (Mr. Luff) noted, the next time that the Government launch a scheme to promote information technology and look to business and the unions to support it, who on earth will believe them? Effectively, they are canning this scheme after only two years of operation. How will major multinationals looking to invest in IT projects and facilities in this country view that?

[Mr. Francois]

We all know what has happened—a decision was taken just before the Budget to take the money. Under pressure, the Government have been desperately scrabbling around for a way to justify that decision. This evening, they have suddenly come up with the digital inclusion team as a fig leaf that they hope will do just that. The Government's proposal marks a sorry decision, so I genuinely make one last plea to the Committee, including the Labour Members who have expressed reservations about the measure: join us in the Lobby and save the home computing initiative from that awful, mistaken proposal. I move that clause 61 be deleted from the Bill—

The Temporary Chairman: Order. The Chairman puts motions at the appropriate time.

Dawn Primarolo: The hon. Member for Rayleigh (Mr. Francois) made a nice try, Mr. O'Hara, but he was not fast enough.

I think that it would help the Committee if we reflected on the introduction of the regime, its performance and the current position, to clear up some of the misunderstandings.

I assure the hon. Member for Ludlow (Mr. Dunne) that no amendments have been selected. If he looks at the annunciator screen, he will see that it says, "Clause 61 stand part". There has been no attempt to amend the clause, which would be almost impossible due to the definitional problems. Furthermore, the clause has nothing to do with home working, so I shall park all those points.

8.30 pm

At the time of the 1999 Budget, my right hon. Friend the Chancellor said:

> "We hope this new measure will encourage business to loan computers to their employees and that it will be as successful as a similar scheme developed in Sweden . . . There are real benefits to business, employees and the wider community from increasing access to computers."

The digital strategy launched in April 2004 was assessed by the Prime Minister's strategy unit, with a foreword by the Prime Minister and the Secretary of State for Trade and Industry. The assessment stated:

> "The conclusions in this report will be implemented by government and will play a crucial role in improving the cohesion of our society, the wealth of our economy and the quality of the life of our people."

The report was reflecting on the fact that the home computing initiative was not sufficiently targeted to help the low paid, the unemployed and the excluded.

The HCI was underpinned by a tax exemption, which can be found at section 320 of the Income Tax (Earnings and Pensions) Act 2003. It allowed an employer to lend a computer to an employee for private use, tax free. If an agreement between the employer and the employee was in effect a hire purchase agreement, the tax exemption did not apply and any direction issued by the Office of Fair Trading would not cover it. That means that the tax exemption does not apply where the computer equipment has been bought, whether for a mother or otherwise. That is quite clear.

As Members have pointed out, the HCI was modelled on a Swedish scheme introduced to increase home computer ownership. The evidence from Sweden shows that between 1996 and 2001 home computer penetration rose by 29 per cent. to 56 per cent., a compound annual growth rate of about 14 per cent. However, over the same period, UK household penetration increased from 27 per cent. to 44 per cent., a compound annual growth rate equivalent to 12 per cent. So the UK achieved a comparable rate of growth in home computer take-up when the HCI was barely used, demonstrating that the HCI itself has not had a strong impact. I am not saying that it has not helped, but other issues have been involved, such as competition and liberalisation.

With regard to other international comparisons, a similar HCI scheme was introduced in the Netherlands but it was scrapped several months ago, citing the same sort of reasons as those in the UK. In Sweden, the Agency for Public Management, which is responsible for efficient public administration and promoting e-government, recommended abolishing the scheme in August 2005, as its positive effects had declined while its costs remained high. The Swedish Finance Minister is considering action at present.

Mr. Francois: Where is the evidence?

Dawn Primarolo: I am putting the evidence to the Committee.

In the Netherlands and in Sweden, whatever the Finance Ministers decide to do, as in the UK, there have been rising costs, poor targets and a lack of impact on the important areas that the Committee has identified.

The hon. Gentleman asked why the Government did not target misuse of the scheme. That is a bit rich, as the Conservatives did not manage to get any of their amendments selected, for precisely the reason that we constantly give: it is extremely difficult to draft legislation to cover certain types of equipment while excluding others, because the technology is changing.

The hon. Member for Rayleigh said, "Well let's do it once a year." Once a year, he wants a completely new statement that would be out of date already, excluding equipment that would not otherwise have been included in the system. Opposition Members say that the scheme should be restricted—perhaps to basic rate taxpayers or someone else—while complaining about administrative burdens and the scheme's complexities. So, the Government had to take a decision. If the scheme is poorly targeted and abused and if we cannot target it sensibly, the Government must determine the best way to proceed, and the best way to proceed is the way that the Government have said: through our digital strategy and the announcements that I have made today.

My hon. Friend the Member for Wolverhampton, South-West (Rob Marris) asked, "Why change overnight?" We had problems in the system, which I will come to, and we could not find a way to squeeze them out of the system, and we needed to ensure that we refocused. I cannot see how that could have been done in any other way. When the scheme was introduced in 1999, it was made clear that it would be kept under review. When the digital strategy came out, it was made clear that that review was ongoing, particularly in respect of targeting. There can be no doubt in any

quarter that the Government were considering this, although I accept that some people do not like the outcome.

Peter Luff: Will the right hon. Lady give way?

Dawn Primarolo: No, it has been a very long debate.

Peter Luff: Will the right hon. Lady give way?

Dawn Primarolo: No, I should like to complete—

Peter Luff: Will the right hon. Lady give way?

Dawn Primarolo: No, I do not wish to give way.

It has now been suggested—I can only suggest that it is wilful misinterpretation of the proposed changes—that the removal of the tax exemption in section 320 of the ITEPA 2003 is somehow undermined where an employer provides computer equipment solely for work purposes and that, where any private use is not significant, no tax charge will arise. That was the case before 1999, and it is the case now. Employers need to work under that system; they have worked under it in the past. The idea that the Opposition have wrung a concession out of the Government is preposterous. All the Government have said is that employers must operate under the same rules as applied in 1999, and that if they require guidance and they want to discuss it we are happy to do so—but the idea that this is something new is just ridiculous.

The hon. Member for Rayleigh referred to the regulatory impact assessment and says that it analysed the impact of removing the tax exemptions, but he should read a bit further because it then refers to mobile phones and computers. It summarised the evidence of misuse, but it also made it clear that that was only one of the reasons on which the decision was based. There was a lack of focus, poor targeting, rising costs and abuse.

Let us deal with the abuse. I am sorry that I did not take longer in introducing the clause, by going through the types of things that are now being offered. We have got PCs, which will be

"a delight for intense gamers and the users of high-performance visual application."

We have then got option 7—I will not embarrass the taxpayer by saying who is offering such schemes—that says:

"This is the complete home entertainment package. This is an enhancement."

Then, having made it clear that this is about what is on loan to employees—this comes to the point about take-up—one of the websites very helpfully asks:

"What happens at the end of the scheme?"—

that is, comes to the end of the negotiated settlement—and it says,

"You may be able to start a new scheme with a more up to date computer."

So people who have already got a computer will get another one, but the scheme is supposed to be about take-up by the low paid and the excluded.

The website then says:

"Can I get more than one computer?"

That is not the purpose of the scheme, but the website goes further. I really do not know how this will be used: apparently, people can have as part of their package a massage ball. I have not figured out, because I do not have one, exactly how that is plugged into the computer and is part of the HCI—and I do not want to hear any rude comments—but I am sure that the hon. Member for Rayleigh might prefer to take up the mug warmer option in the HCI, or perhaps he would like to go further.

Peter Luff: Will the right hon. Lady give way?

Dawn Primarolo: Not at the moment, because the hon. Gentleman asked me for the evidence and then ridiculed me when I did not provide it. I am going on to give it.

Perhaps the home cinema package is helping the excluded—or iPods, which are great, but are hardly about ensuring the take-up of information and communications technology initiatives by the socially excluded. I freely admit that I made a mistake in being much too kind to the hon. Gentleman. I referred to websites and said that I would let him have details. I should have said that if he looks at the sites, he will see that about 75 per cent. show signs of offering leisure equipment outside of the intended exemption.

What have the Government done? My hon. Friends the Members for North Swindon (Mr. Wills), for North Durham (Mr. Jones) and for Wolverhampton, South-West referred to that. We have refocused on the low paid and the unemployed, and on making sure that we truly have a strategy that reaches the parts that are excluded from information technology.

When removing any tax relief, the Government have not only to consider its popularity, but whether it is still meeting its aims and is not imposing an unfair burden on the taxpayer population as a whole. The tax exemption was a popular scheme and has given many employees access to home computers since 1999, but it does nothing to help those groups who are the most technologically excluded—those on the minimum wage, those not in employment and the elderly. That is what the Government are moving to do and that is why they are removing the HCI exemption. I commend the clause to the House.

Question put, That the clause stand part of the Bill:—

The Committee divided: Ayes 281, Noes 158.

Division No. 221] **[8.41 pm**

AYES

Abbott, Ms Diane	Barlow, Ms Celia
Ainger, Nick	Barron, rh Mr. Kevin
Ainsworth, rh Mr. Bob	Battle, rh John
Alexander, rh Mr. Douglas	Beckett, rh Margaret
Allen, Mr. Graham	Begg, Miss Anne
Anderson, Mr. David	Bell, Sir Stuart
Anderson, Janet	Berry, Roger
Armstrong, rh Hilary	Betts, Mr. Clive
Atkins, Charlotte	Blackman-Woods, Dr. Roberta
Austin, Mr. Ian	Blears, rh Hazel
Austin, John	Blizzard, Mr. Bob
Bailey, Mr. Adrian	Borrow, Mr. David S.
Baird, Vera	Bradshaw, Mr. Ben
Balls, Ed	Brennan, Kevin
Banks, Gordon	Brown, Lyn

Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
Johnson, rh Alan
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Khabra, Mr. Piara S.
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony

Tellers for the Ayes:
Mr. Frank Roy and
Mr. Alan Campbell

NOES

Afriyie, Adam
Alexander, Danny
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Barker, Gregory
Baith, rh Mr. Alan
Banyon, Mr. Richard
Barrow, John
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Breed, Mr. Colin
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, Malcolm
Burns, Mr. Simon
Burt, Alistair
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Forth, rh Mr. Eric
Fox, Dr. Liam

Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Harper, Mr. Mark
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hermon, Lady
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Llwyd, Mr. Elfyn
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Newmark, Mr. Brooks
Opik, Lembit
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robertson, Angus
Robertson, Mr. Laurence
Rogerson, Mr. Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Spink, Bob
Stanley, rh Sir John
Stuart, Mr. Graham
Swayne, Mr. Desmond
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete

Tellers for the Noes:
Mr. Henry Bellingham and
Mr. David Evennett

Question accordingly agreed to.

Clause 61 ordered to stand part of the Bill.

Clause 26

ABOLITION OF CORPORATION TAX STARTING RATE AND NON-CORPORATE DISTRIBUTION RATE

Julia Goldsworthy: I beg to move amendment No. 27, in page 26, line 19 [Vol I], at end insert—

"( ) At the end of section 8 of ICTA there is inserted—

"(3A) Notwithstanding the provisions of this section—

(a) corporation tax shall not be charged on the profits of a company where the profits of the company for any accounting period in question do not exceed a limit of £500;

(b) where an accounting period is shorter than 12 months that £500 limit shall be reduced in proportion to the reduction in accounting period; and

(c) where a company has associated companies, that £500 limit shall be reduced in proportion to the number of associates during the accounting period.".".

The amendment was tabled because of concerns that many small clubs and societies will once again have to pay corporation tax on very small amounts of income as a result of the abolition of the nil rate corporation tax band, which I broadly support. Such income arises from the negligible amount of interest arising from the associated costs of dealing with tax affairs. As many as 64,000 small clubs or associations could be affected, and the compliance costs for taxpayers and HMRC are unlikely to be outweighed by any tax raised. Even if HMRC does not expend any effort in undertaking to pursue small clubs and societies for tax, the clubs themselves are technically required to provide that information, and the most responsible among them will take on that burden. They may even believe that they need to seek new or differently skilled officers, especially given the substantial coverage of the frequent changes to small business tax in the past six years. The amendment would help to prevent such a burden from being imposed once again on many small societies, and I commend it to the House.

Mr. Mark Hoban (Fareham) (Con): I support the amendment, and I should like to match the hon. Member for Falmouth and Camborne (Julia Goldsworthy) in brevity. Professional bodies have raised their concerns about the matter with Revenue and Customs, which has expressed a willingness to tackle it with a concession. However, there is anxiety that that concession may not have the legal standing that it had had prior to the Wilkinson case. The Opposition would therefore welcome confirmation that the concession stands and has legal weight, thus preventing an undue burden falling on small clubs and associations.

The Financial Secretary to the Treasury (John Healey): This has been a useful, well-targeted and focused debate. The amendment is drafted rather widely, but I commend the hon. Members for Falmouth and Camborne (Julia Goldsworthy) and for Fareham (Mr. Hoban) on focusing their contributions tightly on concerns about clubs and societies, thus reflecting representations from the Institute for Chartered Accountants. However, there is no need for an amendment to achieve the result desired by the hon. Member for Falmouth and Camborne.

For many years, the Inland Revenue and, latterly, HMRC have not sought corporation tax returns from clubs and unincorporated associations with very small tax liabilities. That practice was established before the introduction of the starting rate of corporation tax, and it will not be affected by the changes in clause 26. Any club or society that is unclear about its tax position should ask its local HMRC office for advice. Clubs and unincorporated associations with larger profits may wish to consider whether they are eligible for the generous tax reliefs resulting from Government changes

[John Healey]

to existing schemes for grassroots clubs that are genuinely accessible to all under community and amateur sports clubs provisions.

9 pm

The amendment would involve unnecessary costs and complexities, so I hope that the hon. Lady will feel able to withdraw it. The purpose that she mentioned and the hon. Member for Fareham repeated is not being sought. Sensible practices are already in force within HMRC to ensure that the corporation tax regime is applied reasonably in respect of clubs and unincorporated associations. Going further down the path suggested by the amendment, and particularly building it into legislation, would be counter-productive. I hope that the hon. Lady will withdraw the amendment, so that the House can move on to the more substantive questions in the clause stand part debate.

Julia Goldsworthy: I am slightly reassured by the Minister's remarks. It would be preferable for HMRC to deal with the problem through concession and, historically, that would be the most appropriate course. However, that might not be possible formally because of the House of Lords decision in the Wilkinson case of 2005, which cast doubt on the extent of HMRC's discretionary powers not to apply the strict letter of the law in appropriate circumstances.

Without HMRC being able to put its policy into effect with a public pronouncement about the position of clubs and societies, it will nevertheless have to deal with their inquiries. With its ability to deal with those concessions in doubt, I thought that the best way to bring the matter to the Committee's attention was through my amendment. I shall not seek to divide the Committee on this occasion, but I would ask the Minister to look into ways of ensuring that small societies are not adversely affected by the extra administrative burden that the reintroduction of the zero rate will impose.

In conclusion, I request that the Government consult urgently the small clubs and societies affected by the amendment and ensure that they are properly informed of their responsibilities. I also request that the Government undertake to tackle the problem of concessions, as exposed by the Wilkinson case. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Question proposed, That the clause stand part of the Bill.

John Healey: Clause 26 essentially introduces schedule 14. Together, the effect is to replace the starting rate of corporation tax and the non-corporate distribution rate with a single small companies rate, which is currently set at 19 per cent.

There are three important aspects of the background to the provisions, which the Committee may wish to consider in deciding whether the clause should stand part of the Bill. First, there are the reasons why the Government introduced the starting rate of corporation tax. Secondly, we had a wide-ranging debate with business and its representatives about the proper form of taxation for small businesses. Thirdly, responses were made to our announcement last December in the pre-Budget report that, as a result of those discussions, we had decided to remove the non-corporate distribution rate and starting rates of corporation tax.

The Government have consistently supported business and enterprise. We have provided a tax regime with incentives for individuals to invest not just for their own future, but for the wider prosperity of Britain. We have also provided incentives to encourage business to expand and grow. We introduced the starting rate of corporation tax at 10 per cent. in the year 2000 and then reduced it to 0 per cent. in 2002 in order to provide the means for small companies to reinvest their profits in their business.

As the Committee knows, we always keep the tax system and its operation under close review. We did so in respect of this particular matter, as we undertook to do when we introduced the measure. We saw that the benefits of incorporation and being able to access the starting rate were being used by some small businesses not as a step to growth, but simply as a vehicle to reduce their tax and national insurance contributions liability, while continuing to trade in exactly the same way as before, drawing profits in the form of dividends and not reinvesting them in the business. We therefore introduced the non-corporate distribution rate in 2004 to ensure that the benefits of the starting rate remained focused on companies that were retaining their profits for growth.

We said at the time that the problem of tax-motivated incorporation was part of a wider issue and that the NCDR was not the end of the matter, but that we would consider the long-term strategic issues raised by these developments, to ensure that the tax system adequately reflects the realities of today's changing labour market and business environment. In the pre-Budget report in 2004 we published a discussion paper and invited views from, among others, smaller firms and their advisers on these wider issues.

The responses ranged almost as widely as the organisations. One thing is clear; there is no single fix that will level the field between all small businesses, irrespective of legal form. Although there was no consensus about the specific changes that they wanted, one overriding feature of the responses from all quarters was a strong preference for simplicity over approaches that risked introducing further complexity. Responding directly to the debate and to our own analysis of the situation, we announced in the pre-Budget report in 2005 that we would replace the starting rate and the non-corporate distribution rate with a single small companies rate. That is what clause 26 achieves.

We wanted to refocus the way that we provide incentives for small firms that invest and grow. We announced that the first year capital allowances for small businesses would be increased for the year beginning April 2006 to 50 per cent., and that the turnover threshold for the VAT annual accounting scheme would be increased to £1.35 million; doubled, in effect. We also announced that we would look to increase the threshold for the VAT cash accounting scheme to a similar threshold, pending state aids clearance from the European Commission. Rather than

favouring the incorporated small business, these measures will assist the incorporated as well as the unincorporated small business.

About 4.2 million businesses are eligible to benefit from the increase in first-year allowances, 1.08 million small businesses are eligible to benefit from the increased threshold of the VAT annual accounting scheme, and about 733,000 businesses are eligible to benefit from the increase in the threshold for the VAT cash accounting scheme, if we can put it in place pending state aids clearance.

That move in December was welcomed by business. In response to the pre-Budget report, the Federation of Small Businesses commented:

"The replacement of the zero rate of corporation tax by increased capital allowances for small business was welcome. This will reduce differences in the taxation of small business, depending on how they are organised";

precisely the aim of the move. Furthermore, there is a clear ongoing desire and commitment on the part of businesses and their representative organisations to continue to work with us on the longer-term future of taxation for small business.

In the Budget in March we therefore stated that we continue to believe that all individuals and businesses must pay their fair share of national insurance contributions and tax, irrespective of legal form. We also said that we would continue to review the tax and NI systems to ensure that that was the case, and that we would produce proposals for discussion consistent with a set of principles that include simplicity for compliant businesses, support for businesses in their aspirations to grow, and maintaining the attractiveness of the UK as a business location. These are the principles that underpin the provisions in clause 26. I commend the clause and the principles to the House.

Mr. Hoban: I am grateful for the opportunity to debate clause 26. The Financial Secretary briefly discussed the history of the measure, and I want to spend a little more time on that, because I think it important to understand why we are where we are. The current situation is not a surprise, because there were indications along the way that it would happen. In the Finance Bill, the Government are taking more than £800 million out of small businesses over the next three years with scant compensation for the additional costs that those businesses must bear at a time when small businesses are facing higher burdens through not only tax but regulation.

The Chancellor introduced the measure to stimulate business but later restricted it with complex legislation around the non-corporate distribution rate, which added to the complexity of the system. He then announced the measure's abolition, saying that it was a bold move to simplify the system, but he was simplifying his own handiwork and the damage that he had created.

As the Financial Secretary has said, the corporation tax starting rate was introduced by the Chancellor at 10 per cent. on profits up to £10,000. In his 1999 Budget speech, the Chancellor said:

"I want to create an even lower rate, which will give new incentives for men and women to start their own businesses and work their way up ... The legislation will ensure that the beneficiaries are genuinely those who take risks. And 85 per cent. of the firms gaining from the 10p tax rate will have fewer than 10 employees—the very firms that we most want to see grow; the very firms whose growth will create the greatest number of new jobs."—[*Official Report*, 9 March 1999; Vol. 327, c. 177.]

The measure was clearly targeted to stimulate business. To reinforce its impact, the Chancellor reduced the starting rate from 10 per cent. to 1 per cent. in his 2002 Budget. Hon. Members may remember that that was also the Budget in which he increased national insurance contributions, so perhaps the reduction was seen as compensation for small businesses for the increase in national insurance.

When we debated those changes in Committee and on the Floor of the House, hon. Members identified some of the risks. In 2002, we supported the introduction of the zero rate, and we oppose its being scrapped in the Finance Bill. We welcomed the relief that it provided for small businesses and object to the burdens that it places on them today. We want to support our small businesses, not attack them when they feel vulnerable because of increased regulation and red tape.

I want to highlight three issues: the bias towards incorporation created by the measure; the cost of the zero rate against the money that the measure will save; and the economic benefit accruing from the zero rate. It was clear in 2002 that there would be an incentive for unincorporated businesses to become limited companies. Indeed, I made that point in Standing Committee in 2002, where I pointed out the concern among unincorporated businesses about the fiscal advantage of incorporation:

"Many unincorporated businesses feel that the Government are trying to drive them towards incorporation. They do not wish to incur the additional costs of incorporation, but the tax regime is such that they feel almost obliged to do so because if they did not, they would be significantly worse off."—[*Official Report, Standing Committee F*, 16 May 2002; c. 104.]

Both the hon. Member for Kingston and Surbiton (Mr. Davey), who served on that Committee and the Institute for Fiscal Studies have commented on that matter.

In Committee, the Paymaster General chose to dismiss the views of not only a new Back Bencher but the Institute for Fiscal Studies. She highlighted incentives for unincorporated businesses and attempted to explain why they should not automatically seek to take up incorporation:

"It is not a question of the Government making companies choose between incorporation or unincorporation ... but of demonstrating clearly the steps to help businesses".—[*Official Report*, 30 April 2002; Vol. 404, c. 912.]

Given the strength of those incentives, it is remarkable that any business embarked on the route that this year's Red Book described as "tackling tax motivated incorporation", since the attractions, according to the Paymaster General, of the other support for business were such that they should not feel the need to be incorporated. The Government highlighted the cost of the zero rate of corporation tax. That was the subject of the report that the IFS produced during the consideration of the Finance Bill 2002. The hon. Member for Kingston and Surbiton said of that report:

"Through its analysis of the survey on personal incomes 1998–9, it says that 1.2 million self-employed people each stand to gain in excess of £500."

[Mr. Hoban]

He said that the IFS calculated that

"the cost would be £1.2 billion, compared with the highest possible figure from the Government so far of £450 million."—[*Official Report, Standing Committee F,* 16 May 2002; c. 108.]

Typically, the Paymaster General was trenchant in her remarks, batting away the IFS, saying:

"Sometimes its figures are nearly right and sometimes they are spectacularly wrong."

She went on:

"The Government stand by their estimates in the Red Book of costs rising to £450 million."—[*Official Report, Standing Committee F,* 16 May 2002; c. 114–115.]

On that occasion, the Paymaster General was right, as it was spectacularly wrong. The Red Book shows that the saving to Government in 2008–09 through scrapping the zero rate of corporation tax—£530 million—is not that dissimilar from the highest cost that she predicted in those debates back in 2002.

The other issue that we debated then concerned the economic benefits and what would happen as a consequence of the zero rate being introduced. Again, the Paymaster General mounted a robust defence:

"We believe that cutting corporation tax is an effective way of targeting support at small and growing businesses. It also encourages would-be entrepreneurs to set up new companies."

She heralded the measure as

"a targeted reduction in tax to help small and new companies thrive and grow."—[*Official Report, Standing Committee F,* 16 May 2002; c. 114.]

It is rather difficult, four years later, to see why the Paymaster General and the Treasury have deviated from their robust line of defence of the zero rate of corporation tax. The measure went through after detailed and robust scrutiny on both sides of the House. The then Member for Arundel and South Downs tried to make amendments to extend some of the benefits for incorporated companies to unincorporated companies, but the Paymaster General's remarks show that she vigorously defended of the attractiveness of remaining an unincorporated business.

The Treasury then started to get cold feet. Having looked again, it introduced the non-corporate distribution rate. By the time of the 2003 pre-Budget report, it was clear that many businesses had incorporated, which was described as "avoidance" by the Revenue. In the PBR speech, the Chancellor talked about the need to ensure that small companies paid the right amount of tax. Following those remarks, in the Finance Bill 2004, we saw the introduction of the non-corporate distribution rate, which was to ensure that where dividends were paid to shareholders, they were taxed at 19 per cent. rather than 0 per cent. But the mechanics of the NCDR impose differential rates of corporation tax between distributed and non-distributed profits. That is complicated to manage and added to the complexity of the tax system.

Despite all that, the Government threatened further complexity to try to tighten the system. It is no surprise that most respondents to the PBR consultation said that they favoured simplification over options that risked additional complexity. But who created the additional complexity? It was the Chancellor, who is trying to unpick the problems that he himself has created.

9:15 pm

The tax relief granted to stimulate enterprise was restricted by increasing the complexity of the tax code, and then scrapped to reduce the complexity of the tax system, with little by way of compensation to stimulate small businesses. It is therefore not surprising that many business groups have been hostile to the change. The Financial Secretary prayed in aid the Federation of Small Businesses. At the time of the pre-Budget report, the Confederation of British Industry stated:

"While the CBI support simplification of the corporation tax structure, this measure will mean that companies with profits of less than £50,000 per year could face a tax increase".

Bill Midgley, president of the British Chambers of Commerce, commented that

"we have concerns that the removal of the 0 per cent. starting rate of corporation tax will harm the growth of some of the smallest firms."

Let us remember what the Paymaster General said in 2002:

"The measure is a targeted reduction in tax to help small and new companies thrive and grow."—[*Official Report, Standing Committee F,* 16 May 2002; c. 114.]

Four years later, the Government are introducing measures that the president of the British Chambers of Commerce believed would harm the growth of some of the smallest firms.

After the Budget, Nick Goulding, chief executive of the Forum of Private Business, commented:

"Small businesses operating on tight profit margins will have found this tax break extremely useful. Business that incorporated to take advantage of this tax break now find they have all the bureaucracy and costs of incorporation and no financial advantage. How can businesses plan effectively when the Chancellor keeps changing his mind?"

Why did the Chancellor start to unpick that valuable tax relief, on which small businesses relied? The Red Book tells the whole story. The measure is planned to raise £870 million for the Exchequer in only three years. The small businesses that depend on such tax breaks are confronted with an increasing burden of regulation and will stump up an extra £870 million for the Treasury.

It is worth remembering, in the context of the measures announced in either the 2005 pre-Budget report or this year's Budget that, in the first full year in which the provision takes effect, in 2008–09, the tax increase is the second highest in raking in revenue for the Treasury. It is second only to the huge hike in tax revenues from the oil industry. So much for the rhetoric of helping small businesses. They are bailing out the Government and trying to plug the Government's black hole.

Small companies will end up paying an extra £1,900 tax, discouraging them from further growth and from expanding. In 1999, the Chancellor said:

"I want to do more. I want to create an even lower rate, which will give incentives for men and women to start their own businesses and work their way up."—[*Official Report,* 9 March 1999; Vol. 327, c. 177.]

In 2002, the Paymaster General said:

"We believe that cutting corporation tax is an effective way of targeting support at small and growing businesses. It also encourages would-be entrepreneurs to set up new companies."—[*Official Report, Standing Committee F,* 16 May 2002; c. 114.]

The decision to scrap that lower rate, which was designed to promote enterprise and small business, tells the business community everything that it needs to know about the Chancellor. When the chips are down, he raises taxes from them. They are no more immune from the Chancellor's grab to increase tax revenues than any other sector of the economy.

Mr. Colin Breed (South-East Cornwall) (LD): I agree with most of what the hon. Member for Fareham (Mr. Hoban) said. We all agree that small businesses are our genuine potential for the future. The Government and perhaps previous Governments have gone wrong in not genuinely enabling small businesses to grow in the way we all want them to. Plenty of new businesses have started up but plenty have regrettably failed relatively early. Tax plays a significant part in that.

Governments in recent times have attempted to change tax rates and the way in which they support small business. We have all largely tried to support the Government's intentions. However, although we are creating small businesses, we do not sustain them for a reasonable period so that they can grow into medium-sized businesses. Far too many fail and far too many are swallowed up by larger competitors. The nurture and support that small business needs to provide the strong economy that we want has not happened. Perhaps it is indicative that tax regimes have changed and we have not got the stability for people to plan properly. Anyone who has started a small business will recognise that the first three to five years are the toughest time. The stability of the taxes that they have to pay is extremely important if they are to plan for the growth that they need. While we applaud the simplicity, we must implore the Treasury to provide stability as well.

Ed Balls (Normanton) (Lab): The hon. Gentleman makes a good point about the importance of stability supporting the growth of small businesses. Does he agree that the instability in the macro-economy, the rise in interest rates and the recession of the late 1980s did far more to damage small businesses than any changes in taxation that have taken place in the past 10 or 20 years?

Mr. Breed: The hon. Gentleman is absolutely correct. I was engaged in banking at that time, and it was one of the most difficult periods for any bank to support small businesses—let alone large ones—because of the huge effect of high interest rates. This was not only because of the amount of interest that the businesses were paying to the banks, but because of the effect that that had on underlying security. We therefore had the double whammy of a decrease in security and an increase in borrowing. That was the main contributor to the way in which the economy died. I agree that stability in the economy and stability in the ability to plan are essential.

Whatever we now have in this regime, the loss of the zero rate will certainly increase the tax bill of many small businesses. If that is countered by the increase in the first year's capital allowances, that will make a difference to the growth of those businesses, but they need to be able to rely on that. When they make an investment in plant, machinery or business premises, they need to be able to guarantee that the tax regime will be stable and predictable for the next three to five years. While the Government's motives were correct, the way in which they implemented the measures have perhaps been found not to be. The change in the VAT regime will also be helpful to many small businesses. Increasing the threshold will help their cash flows.

If we really want small businesses to be the engine room of the economy, we must provide a stable tax regime and appropriate planning, as well as more clarification on research and development grants. We must also ensure that not so many businesses fail. Banks play an important part in helping businesses to get over the inevitable difficulties that they face. I regret that far too many banks do not provide adequate support over the longer term, and we see far too many businesses failing. We want to see businesses being set up, and continuing. That requires support and planning not only from the Government but from other bodies.

I want to consider the use of the term "fair and appropriate". I do not know what a fair and appropriate contribution to tax is for a business, but it will certainly change over a business's lifetime. Many businesses will find it easier to sustain a fair and appropriate contribution once they have strength and stability. If we try to tax them too early in their lives or submit them to too high a burden of regulation, they will fail and we will get no revenue from them. We need an appropriate tax regime that recognises the difficulties faced by a small business at different stages of its cycle. That would be fair and appropriate, but I am not certain that this particular small business tax regime will achieve it. However, that is what we must aim for, otherwise we will not get a fair and appropriate tax contribution from businesses. There would be far too many businesses starting and failing.

Stewart Hosie: I considered this matter at the time of the Bill's Second Reading, and spoke to representatives of the Federation of Small Businesses about it. They advised me that, when the zero per cent. rate was introduced, the number of FSB members that incorporated moved from 27 to 37 per cent., and that it has stayed broadly constant at 38 per cent. since then. Yet in the Red Book, and throughout these debates, this measure has been described as one that tackles tax-motivated incorporation. However, there does not appear to have been a significant shift in the number of FSB members that have incorporated in the past few years.

I also note that, in 2007–08 and 2008–09, that will bring the Government a yield of some £920 million—£530 million in 2008–09 alone. Can the Treasury team tell the House how many businesses making a profit of less than £10,000 will be affected and start paying tax at 19 per cent., and how many larger ones will do so? As the provisions are described as tackling tax-motivated incorporation, how many of those businesses, which will now pay but did not do so previously, does the Treasury believe incorporated in the first place to avoid paying tax?

9.30 pm

Mr. Newmark: Saying that the Chancellor has executed a U-turn on the nil rate band of corporation tax is not entirely accurate; it is more like a three-point turn. I am heartened that the Chief Secretary has had a damascene conversion and has come to believe in the value of simplicity, but that progress is bought at a price.

[Mr. Newmark]

Despite being told at every stage that the nil rate band was open to exploitation, the Government pressed ahead with it in 2002. In 2004, there was wide recognition that the fear of exploitation had been realised. The Government had the opportunity at that point to choose the path of simplicity or the path of greater complexity. There are no prizes for guessing which choice prevailed. However, with the choice having been made to introduce the non-corporate distribution rate, small businesses should not be subjected to yet another change in the corporation tax rules. Stability and predictability sit alongside simplicity as the cardinal virtues of the tax code.

Our suggested amendment had a very modest objective—to guarantee that the interests of those businesses that were lured into incorporation in 2002 were not further prejudiced by yet another change in the rules. It would have prevented the "gift horse" of 2002 from being remembered instead as the Trojan horse of 2002. In 2002, the then shadow Chief Secretary said:

"I cannot believe that the Government want every small, sole trader business to incorporate itself. If nothing else, there would be the potential loss of revenue"

That sensible warning provoked a little reflection before the Paymaster General concluded:

"I hope that I am right."—[*Official Report, Standing Committee F*, 16 May 2002; c. 102,116.]

Ed Balls: If we took the hon. Gentleman's advice and did not make the Government's proposed change, and instead stuck with the status quo, would that mean that the tax system was more or less complex?

Mr. Ivan Lewis: What does it say there?

Mr. Newmark: It says nothing here, actually. *[Laughter.]* What individual businesses, particularly small businesses, want is consistency and simplicity. Your question relates to the complexity of the tax code, and no doubt your proposed system would be more complex—

The Chairman of Ways and Means (Sir Alan Haselhurst): Order. I am proposing nothing.

Mr. Newmark: You are absolutely correct, Sir Alan. It is the hon. Member for Normanton (Ed Balls) who has an idiotic proposal.

In 2004, the Paymaster General was a little more certain when she said:

"The deliberate and cumulative aim is to underpin all the measures that the Government have taken to encourage businesses to grow and to be more enterprising and productive in the medium and long term and not to operate year by year by playing around with the tax system."—[*Official Report*, 27 April 2004; Vol. 420, c. 846.]

What is deliberate and cumulative about clause 26? The Paymaster General had an opportunity in 2004 to admit that the zero rate of corporation tax was not viable. Instead, the regulatory impact assessment to which she put her name insisted that the abolition of the nil rate band

"would be the most straightforward option. However, it would run counter to the Government's aim of maintaining low rates of corporation tax to encourage growth and enterprise."

On Report, she reiterated that sentiment for those few Members of the House who neglect to read regulatory impact assessments by affirming:

"I fail to understand how removing the zero rate, yet keeping the 19 per cent. rate, would assist such small companies."—[*Official Report*, 7 July 2004; Vol. 423, c. 863.]

I hope that that answers the hon. Gentleman's question.

It seems that enlightenment is contagious among Treasury Ministers this year, as the Paymaster General now seems to have reached a better understanding of how the removal of the nil-rate band will help small businesses after all. That is what this proposal is about—helping small businesses, not hindering them.

In his submission to the Treasury Committee in December, Mr. John Whiting, a partner at PricewaterhouseCoopers, said of the current proposals

"Now we are to go back to the beginning with small business probably feeling they would rather have been left alone from the start."

In other words, small businesses like needless interference from Government even less—again, I hope that this answers the hon. Gentleman's question—than they like corporation tax.

Once again, the Government's unhealthy fascination with anti-avoidance legislation precluded sensible consultation. Once again, papering over the cracks has not kept the water out. Once again, the lofty intention of aiding small businesses has ended in a farce. The guiding principle should now be to let well enough alone. If the non-corporate distribution rate was an appropriate solution to a self-inflicted problem in 2004, what has changed since then to justify its removal? I hope that the Minister will answer that question.

John Healey: We introduced the starting rate of corporation tax at 10 per cent. in 2000 to provide the means for small companies to reinvest their profits in their businesses. The hon. Member for Fareham (Mr. Hoban) quoted my right hon. Friend the Paymaster General at length. I remind him that she said at the time of the introduction of the zero rate that we considered that we had the balance between the incentives to incorporate and the incentives to remain unincorporated correct, but she made clear in the Standing Committee that the Government did not have a closed mind.

It became plain that the starting rate enabled business to escape tax by retaining profits, but did not reward reinvestment specifically. As we have seen, it left the way open for some to incorporate just to reduce their tax and national insurance contributions burden, and not to take a step towards the growth that we wanted to encourage. In those circumstances, business urged simplicity on us and specialists urged us to deal with the starting rate and with the non-corporate distribution rate. The Institute of Chartered Accountants in England and Wales said in its response to our discussion paper in 2005

"The easiest solution in this case would be to remove the nil rate starting band for corporation tax and repeal the 19 per cent. charge . . .

We would argue that the cost of abolition of the nil rate band to small companies outweighs the added compliance burden of the new legislation."

I am glad that the hon. Member for Fareham acknowledged that clause 26 would indeed increase simplicity for small firms.

The hon. Member for Dundee, East (Stewart Hosie) asked a couple of questions. He asked how many businesses with profits of less than £10,000 a year would be affected by the changes. I can tell him that about 370,000 companies with profits of less than £10,000 will be affected by the clause. The median tax increase for all companies affected will be £475 a year.

The hon. Gentleman obviously has not looked at the regulatory impact assessment that we published alongside the pre-Budget announcement in December, but if he looks at that and the update that we provided at the time of the Budget in March, he will find not only an answer to his question about how many companies would be affected, but a published breakdown of the number of companies, sector by sector.

Ed Balls: Does my hon. Friend agree that in making tax policy, one is always balancing tackling avoidance with providing the right incentives? It would be simpler if we abolished the 20p rate for small companies and had instead just one rate for all businesses, but that would be bad for small companies, just as it would be wrong to abolish the 10p starting rate for capital gains tax and to go back to the single 40p rate that applied in 1997. In the end, it is about striking a balance between avoidance and providing the right incentives.

John Healey: My hon. Friend cuts to the very heart of the policy challenges that any Government face, and which we have been trying to tackle since we took office in 1997. As he said, it is a question of getting the right balance between creating incentives for small businesses to start up and grow, and preventing the abuse and avoidance that we tend to see promoted and taken advantage of. In dealing with the situation that we faced, we had to decide whether to box around with further legislation—and thereby prevent—the marketed schemes and practices that we wanted to discourage, or whether to take instead the step urged on us by businesses, their representative organisations and tax specialist organisations: to create a simpler regime. Clause 26 does that by getting rid of the non-corporate distribution rate and the starting rate.

The hon. Member for Fareham described the clause as simply a tax-raising measure, but it is about fairness, not raising taxes. I refer him to the pre-Budget report, in which we announced the measure.

Mr. Newmark: Will the Financial Secretary give way?

John Healey: I will gladly give way when I have finished making this point. We said in the pre-Budget report:

"Alongside the revenue raised by this measure, projected receipts have been further reduced as a result of an increase in the number of those incorporating simply to reduce their tax and national insurance liability."

Mr. Newmark: In addressing the important issue of fairness, I would like the Financial Secretary to deal with the point made by the Paymaster General on 7 July 2004. She said:

"I fail to understand how removing the zero rate, yet keeping the 19 per cent. rate, would assist such small companies."—[*Official Report*, 7 July 2004; Vol. 423, c. 863.]

What is fair about that?

John Healey: The unfairness at the heart of the system and the challenge that we face is that many companies are incorporating simply to reduce their tax liability, not because their business demands suggest that that is the proper legal form for them. Companies that do not incorporate are clearly tax-disadvantaged, compared with their competitors.

I want to pursue the fairness point because it is important and at the heart of our argument. The hon. Member for South-East Cornwall (Mr. Breed) made some key broad points about the importance of small firms in a modern economy, and of Governments being able to implement measures to support their start-up and growth. He said that he was not sure what a fair tax system is. We should remember that as things stand—clause 26 is designed to change this—a self-employed person with profits of £20,000 a year pays some £1,800 more in tax and national insurance than they would pay if they were a company paying corporation tax and taking profits as dividends. That cannot be right, which is why we will continue to keep this issue under review, and why we have taken steps through clause 26.

As I said, these provisions were announced in the pre-Budget report, and clause 26 implements them. They will encourage reinvestment by increasing first-year capital allowances to 50 per cent. for the year starting this April. Some 4.2 million small businesses—not just those that are incorporated—are eligible to benefit from this increase in first-year capital allowances.

Mr. Hoban: Does the Financial Secretary accept that the Red Book puts the cost of the measure, and therefore the benefit to all business, at £60 million? However, the fact that it is a one-off measure prevents small businesses from planning for a stable future and making long-term investment decisions.

9.45 pm

John Healey: As I have tried to explain, the purpose of clause 26 is to refocus the support that we give to small firms on measures likely to increase their incentives to invest, to reinvest profits, and to grow.

Clause 26 will also help by introducing the simpler accounting system for all small businesses that we promised in the pre-Budget report. It will double the annual threshold for the VAT annual accounting scheme so that 1.08 million firms will become eligible. If we are successful in getting the state aids clearance that we require for the cash accounting scheme, the 733,000 small companies currently eligible to benefit under that scheme will rise to 790,000.

Helen Goodman: It may help the Committee if my hon. Friend the Financial Secretary were to put this matter in a wider context. In my constituency of Bishop Auckland the number of new small businesses is at an all-time high. To what extent does he feel that these measures are the cause of such a high rate of small business creation, and is the pattern repeated across the country?

John Healey: I am grateful for that question, but a range of factors make up the business and economic

[John Healey]

environment that allows small firms to start up and prosper. My hon. Friend mentions the number of new firms in her constituency of Bishop Auckland, but there are now 570,000 more businesses in the British economy than there were in 1997. The business start-up rate is faster than for many years, and that is based on our stable and steadily growing economy, but the operation of the tax system can aid or hinder the formation and growth of small firms. The provisions of clause 26 will introduce a simpler corporation tax structure, and in a modest way will assist the process. All firms will benefit, including those in Bishop Auckland.

Of course, we can do more to support business, and my hon. Friend the Member for Bishop Auckland (Helen Goodman) is one of those who constantly urges the Government to do so. In the Budget 2006, we have made clear our desire to join business and its representative organisations in looking at doing more. I look forward to the continuing discussions in that regard.

The measures in clause 26 were welcomed by business representatives as a constructive way forward. I urge the Committee to support its standing part of the Bill.

Question put, That the clause stand part of the Bill:—

The Committee divided: Ayes 304, Noes 137.

Division No. 222] **[9.48 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Berry, Roger
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Mr. Des
Browne, Mr. Jeremy
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cable, Dr. Vincent
Cairns, David
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hood, Mr. Jimmy
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, David
Howells, Dr. Kim
Hughes, Simon
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
Johnson, rh Alan
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khabra, Mr. Piara S.
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McFall, rh Mr. John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, John
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Rennie, Willie
Robertson, John

Robinson, Mr. Geoffrey
Rogerson, Mr. Dan
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Teather, Sarah
Thornberry, Emily
Timms, Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, Keith
Vis, Dr. Rudi
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Willis, Mr. Phil
Wills, Mr. Michael
Winnick, Mr. David
Winterton, Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Parmjit Dhanda and
Mr. Alan Campbell

NOES

Afriyie, Adam
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Barker, Gregory
Baron, Mr. John
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Browning, Angela
Burns, Mr. Simon
Burt, Alistair
Cameron, rh Mr. David
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Dorrell, rh Mr. Stephen
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hermon, Lady
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Lancaster, Mr. Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Newmark, Mr. Brooks
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robertson, Angus
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Selous, Andrew
Shapps, Grant
Simmonds, Mark
Simpson, Mr. Keith
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Stuart, Mr. Graham
Swayne, Mr. Desmond
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Dr. Richard
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Yeo, Mr. Tim

Tellers for the Noes:
Mr. Henry Bellingham and
Mr. David Evennett

Question accordingly agreed to.

Clause 26 ordered to stand part of the Bill.

To report progress and ask leave to sit again.—*[Mr. Watts.]*

Committee report progress; to sit again tomorrow.

ADJOURNMENT (WHITSUN)

Motion made, and Question put forthwith, pursuant to Standing Order No. 25 (Periodic adjournments),

That this House, at its rising on Thursday 25th May 2006, do adjourn till Monday 5th June 2006.—*[Mr. Watts.]*

Question agreed to.

MODERNISATION OF THE HOUSE OF COMMONS

Ordered,

That Mr David Heath and Andrew Stunell be discharged from the Committee on the Modernisation of the House of Commons and that Mr Paul Burstow and Mr Adrian Sanders be added.—*[Mr. Watts.]*

COMMITTEES

Mr. Deputy Speaker (Sir Alan Haselhurst): With the leave of the House, I shall put together motions 5 and 6.

Ordered,

Regulatory Reform

That Bob Russell be discharged from the Regulatory Reform Committee and Lorely Burt be added.

Procedure

That Annette Brooke be discharged from the Procedure Committee and John Hemming be added.—*[Rosemary McKenna, on behalf of the Committee of Selection.]*

PETITION

Road Junction (Humberstone)

10.6 pm

Keith Vaz (Leicester, East) (Lab): I wish to present a petition that has been signed by residents of Humberstone in Leicester concerning the layout of the junction of Scraptoft lane and Hungarton boulevard, which is dangerous, according to my constituents. As a result of the current layout, a fatal accident recently occurred.

The petition states:

The petitioners therefore request that the House of Commons urge the Government to take action to encourage Leicester City Council to create a protected right-hand turn at the junction, reduce the speed of traffic through the junction, and improve the flow of traffic down Hungarton Boulevard.

To lie upon the Table.

Energy Review (Human Rights)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watts.]*

10.7 pm

Vera Baird (Redcar) (Lab): As the gas price spiralled ever upwards last winter and spring, the disadvantages of our future dependence on that fuel became increasingly obvious. They were clear to the ordinary domestic consumer paying a highly inflated bill, obvious to the point of depression in the Government-supported anti-fuel-poverty sector, and painfully transparent to energy-intensive users, such as the petrochemical businesses in my Redcar constituency. Several of the petrochemical firms, which, together, provide a big slice of the north-east's gross domestic product, had to idle plant and limit output in favour of non-UK locations, and, in one case, temporarily close. The huge hike in those energy costs is likely to have longer-term effects, such as the delay, or even abandonment, of industrial investment in the chemical sector, all of which will be made much worse in the absence of speedy action to guard against a recurrence of the price hike next winter.

The cause of the problem is at least partly the impact of the early liberalisation of the UK energy market ahead of that of the rest of Europe. Additionally, we are moving more quickly than anyone could have predicted from supplying our own energy, which we have done for the past 100 years, first from coal and then from North sea oil and gas, to potentially becoming dependent on Russia, Algeria and the middle east for gas.

The problem of relying on Russia, which was previously regarded by the west as a reliable energy source, became especially clear to Ukrainians on new year's day when the Russians cut their supplies. However, the ripple effects were felt thousands of miles away. Not only did France lose a third of its gas, but the whole of Europe, which relies on Russia for a quarter of its supply, was forced to realise that there are serious limits to the length of the spoon that can be used when supping with President Putin. Clearly he will readily use his abundance of hydrocarbons for political purposes, in this instance to punish the western-leaning Ukraines for considering joining NATO and the EU and to force them back into Russian hegemony

Our dependence on Russian gas looks set to grow. Russia has 28 per cent.—the largest share—of the world's natural gas resources. Given that, should we ask what sort of a country is President Putin's Russia? According to Amnesty International, Russia has an abysmal human rights record. According to Freedom House, another human rights non-governmental organisation that assesses countries across a range of rights and issues as free, partly free or not free, Russia has declined from partly free to not free in the past two years. It says that Russians cannot change the Government democratically because the state's far-reaching control of the broadcast media and the growing harassment of Opposition parties make that impossible. There was strong evidence of an undercount in the vote for Opposition parties in the last election that kept them from attaining the 5 per cent. threshold required for parliamentary representation. Corruption is pervasive and libel laws are used to intimidate the independent media. Putin has just taken power to appoint the judges.

According to the annual human rights report from the US State Department, Parliament in Russia

"has been virtually stripped of power."

There is

"selectivity in the enforcement of the law and ... there is harassment of some non-government organisations."

It is a statement of the obvious that the history of Saudi Arabia and the rest of the middle east shows how difficult Governments find it to be other than indulgent to countries that are rich in energy. Middle eastern countries are, of course, significant gas suppliers. Levels of dependency on a country for energy supplies tend to make purchaser Governments significantly less prepared to challenge the supplier Government's democracy and human rights record, even though we and other western European countries assert that these values are key ones to be supported in foreign policy.

Europe's only really viable alternative source of gas is Algeria, which is fourth in the world as a gas exporter. However, Algeria, too, has serious human rights problems with Freedom house reporting that the right

"of Algerians to choose their government freely is restricted".

Although the recent presidential elections were an improvement it is still reported that

"the president wields minimum leverage with the small group of generals who retain ultimate power."

Demonstrations are banned in Algiers while in other areas, peaceful demonstrations have been broken up, sometimes violently. The Algerian alternative source of gas does not seem to hold a better promise of contracting with a clear human rights conscience.

President Putin has recently engaged in a fruitful piece of diplomacy in this direction. He signed a contract for Russia to supply missiles and fighter aircraft to Algeria. Payment for these is so arranged that Russian influence is now woven deeply into the Algerian energy sector. At the same time, President Putin has tightened his monopoly of the gas transit route from the Caspian and central Asian regions, building up, therefore, a double or a triple potential stranglehold on European gas supplies.

It is noteworthy that it was Russia that was free to supply enriched uranium to Iran to limit concerns about nuclear weapons proliferation in that country. Iran has the second highest natural gas reserves in the world, behind only Russia, and there are emerging concords in the energy sector between these two countries.

Recently, the Kremlin controlled Gazprom indicated a wish to bid for Centrica, the UK's largest domestic supplier, which sells gas to 40 per cent. of British homes. Success would secure UK demand as well as supply for the Russians, who are not yet big players in the UK. It would be a surprising outcome if, as the UK energy market is liberalised primarily to create competition, it became dominated by a state-owned corporation, and not even a British one.

Is it any coincidence that as Russian democracy and human rights are forced downwards and Putin simultaneously extends both his own tentacles of energy supply and his influence over other countries with large gas reserves, that the largest investment currently being made in nuclear power is at Olkiluoto in Finland, which as a country famously shares a common border with Russia and whose domination by the Soviets during the cold war gave rise to the description of oppressive hegemony as Finlandisation?

The fact that we are timid about energy suppliers' human rights obligations should not be a surprise when one considers the temptations. Energy is vital to modern economies, and problems with supply have been the basis of some of the most important events in recent history, including the global recession in the early 1970s after the Organisation of Petroleum Exporting Countries cut supplies and, in the UK, the miners' strike of 1974 that brought down a Tory Government and the strike in the 1980s that did not do so. Ultimately, the 10-year war between Iran and Iraq, and the two more recent wars in Iraq were strongly linked to, if not determined by, reliable energy supplies.

In addition, energy-rich countries have a great deal of buying power, and can offer lucrative contracts for western know-how effectively to extract resources from the ground or the seabed. Gazprom is keen to secure western technical help further to develop Russian resources. Those countries are often ready to purchase sophisticated arms from the west, which are necessary to shore up their security and protect the status quo. As chair of the all-party group on Burma, I know the power that hydrocarbons can give despotic Governments. European efforts to isolate the despicable Rangoon junta are constantly foiled by the French, whose oil company, Total, is the regime's largest corporate funder. Incidentally, that has led to the unacceptable belief that the Bush White House operates a more effective sanctions programme against Burma than the EU. The Burmese Yadana gas project, in which Total and the junta are partners, earns the regime up to $450 million a year, which it spends on boosting the military suppression of its citizens and which it uses as an aid to laundering drugs money for the purchase of foreign arms.

Although we do not buy hydrocarbons from Burma, that country's history teaches us another truth. Countries with immense natural resources may have lop-sided economies. A sudden inflow of dollars as prices rise can lead to an appreciation in domestic currencies, making non-energy sectors uncompetitive in the world and removing incentives to develop other industries, thus confirming the domination of oil and gas. The resource is concentrated so that cash passes through few hands and can easily be misdirected. The inherent instability of commodity prices impacts mostly on the poor, who do not have any way of hedging the risk. Such countries rarely have stabilisation policies to set aside surpluses to cushion the blow when prices fall. Indeed, there are few internal pressures in such countries to govern well at all, because those money flows mean that there is little need to raise revenue through taxes, so there is little need to secure the consent or support of their people, who have little leverage to call their rulers to account.

Oil and gas extraction do not require large teams of highly skilled indigenous workers, so the individuals in charge see little point in investing strongly in education, welfare or health. Indeed, they do not require huge numbers of unskilled workers. Many such countries grow slowly and do badly on the UN's human

[Vera Baird]

development index. Countries with strong institutions can benefit from the wealth that great natural resources bring, including Norway, which has about 1 per cent. of world gas reserves, and, historically, Britain. Both countries had a strongly entrenched representative democracy, freedom of speech and association, as well as the rule of law, long before they realised that they had hydrocarbons. None of the countries in the top five for gas reserves is classified by Freedom House as free.

Clearly, relying on such countries for our gas supplies can bolster unacceptable regimes and ensure that their citizens pay a high human rights and democracy price even as we pay a high financial one. Ultimately, the dangers and instability to the world from human rights abuses mean that the price that everyone pays is extremely high. Happily, that understanding appears to be compatible with the direction of Government policy. The energy review was partly initiated as a result of the UK becoming a net gas importer sooner than expected and the newly appreciated risks of an unreliable supply.

There are genuine gains to be made from renewable technologies using wind, wave and solar power. Clean-coal technology and carbon sequestration for coal and North sea oil have a future, while efficiency measures to reduce demand for energy are vital too. Campaigners protest that a fully committed Government should push through much stronger action on renewables and energy efficiency, but such measures often involve major changes to people's lifestyles and are hard to deliver. For example, wind farms are widely opposed because of their impact on the local environment. A proposed offshore wind farm in Redcar is deeply unpopular, because it is less than a mile from the shoreline of our main tourist bay. The proposed onshore wind farm at the steelworks is acceptable to everyone, however, because it is part of the industrial landscape. In a similar way many people resist microgeneration windmills on houses, recently exposed as dangerous and difficult. Wave power may have environmental problems, and the technology for carbon sequestration is only in its early stages.

The technology that should not be overlooked in establishing what is likely to be a mix of energy supply is nuclear power. At present it contributes about 19 per cent. of our electricity needs, but that could fall to 7 per cent. by 2020. Meanwhile, the Government's target for renewables, which many consider to be optimistic, is for an increase in renewable power from 3.4 per cent. to 20 per cent. by the same date, 2020. These figures show how the majority of the effort that we put into reducing CO_2 emissions through renewable energy is in danger of being wasted if old nuclear power stations are not replaced.

Importantly for human rights concerns, nuclear fuel can be bought in ways that do not endanger human rights in the same way as gas. It mostly comes from Canada and Australia. Clearly, nuclear power has problems, particularly its waste, though a recent draft statement from CoRWM, the Committee on Radioactive Waste Management, envisages a deep underground repository which it describes as safe and

"a fair burden to pass to future generations".

Its chair added:

"We have looked at whether the options on our shortlist could accommodate new-build wastes and concluded that they could".

Early indications are that the petrochemical industry, as represented by businesses in Redcar, might be willing to support capital investment in nuclear power generation in return for very important stability of supply in the long term.

We should hope that the energy review can find workable solutions so that we can continue to benefit from a relatively affordable carbon-free energy source and so that, by expanding our gas purchasing from unacceptable Governments, we do not simultaneously make the world a worse place both for climate change and for human rights.

10.22 pm

The Minister for Energy (Malcolm Wicks): I thank my hon. and learned Friend the Member for Redcar (Vera Baird) for the opportunity to discuss the important issues of human rights and the current energy review. It seems that only recently she and I were discussing equally important questions about women and pensions.

The Government take human rights very seriously and I am proud of the work that we undertake. As a developed country, with a well-established representative democracy, we have a duty to promote good human rights in all interactions that the UK has with other countries.

Energy policy is a truly international issue, as events every week demonstrate. Even though the UK has a large natural resource in oil and gas reserves in the North sea, imports remain an important element of our energy mix. In the future, our imported energy will come from a wide range of sources—oil from Denmark and Venezuela, and gas from Norway, Qatar and Algeria, for example. Furthermore, some of the world's leading extraction companies, such as BP, BG Group and Shell, are based in the UK. As such, they share the responsibility for protecting human rights wherever they are operating.

As my hon. and learned Friend made clear, the way in which countries use their energy resource is an important issue for the whole international community. It was for this reason that in 2000 the UK and US Governments established a set of international voluntary principles on security and human rights. These are designed to help companies to meet the requirements of their international operations, while respecting the human rights and fundamental freedoms of those in the host country.

We have continued to work with British companies to promote and expand the work of the voluntary principles initiative. I am pleased to see that those principles have formed the cornerstone of those companies' approach to security and human rights in the countries in which they operate. The initiative is also backed by a number of non-governmental organisations, such as Amnesty International and Human Rights Watch.

We are also committed to the Organisation for Economic Co-operation and Development guidelines for multinational enterprises. These set out guidelines on responsible business conduct for all companies based

in the UK. The guidelines cover areas such as combating bribery, environmental protection and public health and safety. Stable and successful producer countries are crucial for the international community's long-term energy security. The best way to ensure such long-term security is to ensure that the revenues raised from oil are transparently accounted for and used to benefit the people of those countries.

Through the extractive industries transparency initiative, we are working with Governments in resource-rich countries to improve such governance through the publication and verification of company payments and Government revenues from oil, gas and mining. Some 20 countries—for example, Azerbaijan and Nigeria, which are significant players in the global liquefied natural gas market—have either endorsed or are now actively implementing that initiative, and other countries that are global suppliers of uranium, such as Niger, have also endorsed the initiative. We are encouraging emerging markets—for example, China, India and Brazil—to support the initiative's implementation in resource-rich countries and by their companies, whether state owned or otherwise. Russia could play a leadership role with those economies.

Our indigenous supplies of energy have declined sooner than expected. We are already a net importer of gas and expect to be a net importer of oil by 2010. There is no doubt that whatever is decided by the energy review, to which my hon. and learned Friend has referred, the UK will be importing significantly more oil and gas in coming years from a range of countries around the world, but heightened concern about global energy issues are affecting perceptions of the security of supply from major exporter countries. Reliance on imports is not per se a threat to security of supplies. Indeed, all other G7 countries, with the single exception of Canada, have been in this position for many years.

Securing our energy supplies from a diversity of countries by a number of different routes is an important factor in our energy policy. We are not putting our eggs all in one basket, because diversity helps us to maintain reliable supplies and mitigates the risks of any interruptions. Oil and gas come to the UK from a variety of countries, but a significant proportion of our current oil and gas imports come from Norway—for example, 72 per cent. of oil imports and 80 per cent. of gas imports. Countries such as Germany, the Netherlands and Belgium are also suppliers.

The market for liquefied natural gas, which can be shipped like oil, is expanding significantly. The UK expects to receive the first supplies of LNG from Qatar by the end of 2007. As the LNG market becomes more global, it is possible that the UK will receive shipments from other producers such as Nigeria and Egypt. That diversity will help to continue our strong record for the continued physical supply of gas and electricity to end users. We have had fewer unplanned interruptions to electricity than any European country except the Netherlands. The expansion of renewables, to which we still remain committed, is further adding to our diverse generating mix.

We have also been working with the energy intensive users group, which includes the Chemical Industries Association, during the past winter. Our efforts have been focused on maximising gas and electricity supplies, encouraging demand-side response and pursuing fair access to markets across Europe. We are also working with Ofgem, national grid and industry over the summer to ensure that we are in the best possible position ahead of next winter. However, we need to ask ourselves whether we are doing enough to manage the risks of this new situation into the future. That is one of the reasons why the Prime Minister asked me to lead a review of UK energy policy.

We must ensure that the right framework is in place to help the market to deliver our medium and long-term energy policy goals. The review is therefore looking at the overall framework and within that ensuring reduced carbon emissions, attaining reliable energy supplies, examining the role of nuclear and assessing the potential of carbon abatement and low carbon technologies. In addition, the scope for improving energy efficiency is subject to the review, including achieving affordable and adequately heated homes for the most vulnerable.

There are no foregone conclusions in the review, but there is one thing that I am sure of—there is no single solution and no do-nothing option. We have just finished the formal consultation as part of the review, and the scale of the debate has been impressive. We have received many more than 2,000 responses to our consultation and I have met more than 500 different stakeholders through our extensive programme of seminars, round tables and other activities, from which three key messages have emerged. First, the objectives of the 2003 White Paper are the right ones, and a review for the long term is the right decision. Secondly, there is a need for greater long-term clarity about the direction of UK energy policy. Thirdly, there is a need for action on both energy demand and energy supply.

Everyone, whether in Government, in industry or as an individual, has an important role to play in taking action to meet our energy policy goals. We are analysing the evidence that we see from the consultation and further considering the policy options that the review might recommend. We must continue to provide a framework in which the UK market can supply UK energy requirements while at the same time, of course, having regard to human rights considerations, including through our support of the voluntary principles.

I thank my hon. and learned Friend for the opportunity to discuss these important global issues in the House tonight.

Question put and agreed to.

Adjourned accordingly at half-past Ten o'clock.

House of Commons

Wednesday 3 May 2006

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Child Poverty

1. **Julie Morgan** (Cardiff, North) (Lab): How many children in Wales have been lifted out of poverty since 1997. [66180]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): I am sure that the House will join me in extending our condolences and sympathy to the family of Peter Law and his many friends in Blaenau Gwent and Wales. He served his community with distinction for 36 years and will be greatly missed.

The Government are committed to eradicating child poverty. Since 1997, an estimated 50,000 children have been lifted out of poverty in Wales. Further significant steps to tackle child poverty were announced in the Budget, including increases in child trust fund payments and the child tax credit.

Julie Morgan: Does my hon. Friend the Under-Secretary agree that child poverty has fallen further and faster in Wales than in the rest of the United Kingdom, according to the independent Joseph Rowntree Foundation? Does he agree that that is a major achievement, although there is obviously a long way to go? Does he further agree that that is due to the progressive policies that the Government in Cardiff and the Government in Westminster have introduced, such as the minimum wage, the huge rise in employment, the big increase in benefits—

Mr. Speaker: Order. That is too long for a supplementary.

Nick Ainger: I agree with my hon. Friend. Child poverty has fallen faster in Britain—a 22 per cent. reduction—than in any other European country since 1996–97. In Wales, 242,000 families and almost 400,000 children receive child tax credits. That compares well with the family credit system that the Conservative party operated when it was in power, under which only 42,000 families received family credit. The Chancellor announced that tax credits would increase by 14 per cent. in the next three years. We are making work pay—the national minimum wage has contributed significantly to reducing child poverty in Wales and the UK.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Childhood deprivation and poverty is often measured by the take-up of free school schools, which is triggered by the benefits that families receive. In rural areas, take-up of benefits is insufficient, partly because many self-employed people find it difficult to fill in the forms. Is the Under-Secretary convinced that his figures on childhood poverty are true and reflect the position on the ground?

Nick Ainger: Yes, I am. The independent Joseph Rowntree Foundation confirmed the figures. It is important that those who are in work—and are perhaps self-employed—claim the child tax credits because significant sums are involved. I assure the hon. Gentleman that, if people make those claims, they will be amply rewarded. The credits are generous, lift significant numbers of children out of poverty and make work pay.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): I associate myself and Conservative Members with the tribute that the Under-Secretary paid to the former Member for Blaenau Gwent. Our thoughts are with his family at this time.

Notwithstanding the welcome reduction in child poverty in Wales, the Government have, once again, missed their targets. Around 28 per cent. of our children still live below the poverty line. In addition, local authorities in Wales take an increasing number—now well over 4,000—into care, and 58 per cent. leave care with no qualifications. What is behind the increase, and what can be done to halt the trend among some of our most disadvantaged children?

Nick Ainger: Under the Conservative Government, in which the hon. Lady served, child poverty tripled in 18 years. Although we need to look forward, it is worth remembering that before any criticism is levelled at the Government, who have presided over the biggest fall in child poverty in any country in Europe.

The hon. Lady made a specific point. Yes, genuine problems have to be tackled and we need to deal with them. However, we cannot do that if we adopt the Conservative party's current economic policy, which would mean reductions in public expenditure.

Affordable Housing

2. **Mr. Elfyn Llwyd** (Meirionnydd Nant Conwy) (PC): What discussions he has had with the First Minister of the Welsh Assembly Government on affordable housing in Wales, with particular reference to cash allocated to assist first-time buyers. [66181]

The Secretary of State for Wales (Mr. Peter Hain): Regular ones. Both we and the Welsh Assembly Government are committed to increasing the supply of affordable housing and offering choices to people seeking their own home.

Mr. Llwyd: Before I ask my question, may I also associate myself and my party fully with the sincere condolences being sent to the family of the late Member for Blaenau Gwent?

The Secretary of State will recall that we touched on the subject of affordable housing during the Welsh Grand Committee debate. The Under-Secretary has now written to me to say that it is a devolved matter. May I suggest four things that Westminster could be doing? The first would be to look again at stamp duty, and at the variable rates for second homes. The second would be to relax the planning system to release land specifically for affordable housing. The third would be to allow local authorities to borrow at public sector rates, backed by Government guarantee. The fourth would be to scrap VAT on renovations. Those four things could be done very easily by Westminster, working with our friends in the National Assembly.

Mr. Hain: The hon. Gentleman makes some practical proposals that we shall want to look at. We are constantly looking at these issues. Like him, I am concerned about the problem of affordability, especially for first-time buyers. In rural areas such as his, that is a particular problem. House prices have increased massively in Wales, catching up with those in the rest of the UK and reflecting Wales's growing prosperity. At the same time, I know that he will acknowledge that, since 2000, more than 1,200 homes have been provided under the homebuy scheme, that more and more money in social housing grant is going in through the Welsh Assembly Government, rising to £96.4 million, and that there are more homeowners in Wales than ever before in our history. All of that is good news.

Ian Lucas (Wrexham) (Lab): In areas of economic prosperity such as Wrexham, there is great pressure on the housing market. Does my right hon. Friend agree that we need to take a balanced approach to housing that looks not only at the private sector but at much greater development of the public and social housing sectors?

Mr. Hain: Yes, I do, and the Government are now tackling the problem with a three-pronged strategy. We are increasing opportunities for home buyers. There are more than 1 million extra home owners in Britain since we came to power, with a substantial number of new home owners—I am not sure of the figure, but it is probably well over 50,000—in Wales alone. The low mortgage rates that have made that possible are part of our economic success, but my hon. Friend is right to say that we need more social housing—the Welsh Assembly Government are working on that—along with more shared equity schemes, which the Government are promoting, including in Wales.

Lembit Öpik (Montgomeryshire) (LD): May I also send my condolences and those of my party to the friends and family of Peter Law? He was a man of true conviction and personal integrity, and the House is the poorer for his passing.

The Secretary of State mentioned house prices. Is he aware that Welsh house prices have risen by 120 per cent. in five years, and by 157 per cent. in rural areas such as Montgomeryshire, where rural households earn only about £23,000? For that reason, will the Government consider introducing a strategy actively to promote community land trusts—such as the one that has been successfully piloted in Castle Ceireinion—shared ownership schemes and new council housing stock, to help to resolve the acute and worsening housing crisis in Wales?

Mr. Hain: The hon. Gentleman will know that there is a community land trust demonstration project in Powys, which has been supported by the Welsh Assembly Government. That is all to the good. I sympathise with his point about first-time buyers. Why have house prices risen so tremendously in Wales? It is because Wales is now healthier and more prosperous than it has ever been. My constituency has had rock-bottom house prices over the years, but some have now gone up by three or four times. That reflects the increasing wealth among home owners, which is good, but it also means that we have to do more for first-time buyers, which we are.

Community Support Officers

3. **Albert Owen** (Ynys Môn) (Lab): How many additional community support officers will be recruited in Wales following the 2006 Budget. [66182]

8. **Jessica Morden** (Newport, East) (Lab): How many additional community support officers will be recruited in Wales following the 2006 Budget. [66189]

The Secretary of State for Wales (Mr. Peter Hain): In September 2005, there were 282 community support officers on patrol in Wales. I expect the figure to rise to around 750 by this time next year.

Albert Owen: I thank my right hon. Friend for that response. He will know that the Government are really delivering on community policing. In north Wales in particular, the extra resources from central Government and from the local government precept have produced tangible results. He will also be aware, however, of the concerns expressed by North Wales police authority and local communities that the proposed larger police forces will take resources from local policing. Will he assure the House that any proposed larger force will allow community policing to continue and to be properly funded?

Mr. Hain: I agree that there has been a big increase in neighbourhood policing, and north Wales has led the way in that regard. I want to give my hon. Friend an emphatic guarantee that the proposal for an all-Wales force—if it goes through—will protect neighbourhood policing because the new force will have the capability to tackle new, difficult crimes such as serious organised crime, drug dealing and terrorism that small forces such as the North Wales police force do not have. He should not take my word for that; he should take the advice of Her Majesty's inspector of constabulary. I am confident that the policies being put in place by the Home Secretary will deliver protective policing for those big, serious new threats as well as protect neighbourhood policing, in north Wales in particular.

Jessica Morden: I, too, welcome the new community support officers for Gwent. Does my right hon. Friend agree that CSOs have been a big success in constituencies such as mine? They work alongside the

police, provide a uniformed presence and spend up to 90 per cent. of their time out on the beat, which has had a big impact on tackling antisocial behaviour. Does he also welcome the further powers proposed for them in the Police and Justice Bill?

Mr. Hain: Yes, I agree with the point made by my hon. Friend. We should remember that when we first proposed community support officers they were not universally popular, and we were criticised, as we often have been when we have introduced new reforms. They are a huge success, and they are not a substitute for police officers, as Wales has also had 1,000 more police officers, which includes Gwent. As a result, crime is decreasing on almost every measure and local communities are feeling much more secure.

Philip Davies (Shipley) (Con): Does the Secretary of State agree that his crowing about the increase in community support officers making our streets safer is pointless when the Home Secretary is letting people out of prison early—

Mr. Speaker: Order. That was out of order.

Mrs. Betty Williams (Conwy) (Lab): I shall try to stick to the question that was asked, Mr. Speaker.

Is my right hon. Friend the Secretary of State aware of the excellent crime detection figures in the North Wales police area, especially in the western and central divisions covering my constituency? Will he join me in congratulating North Wales police on such excellent results? Does he agree that they are a direct result of the investment that North Wales police has received from the Government?

Mr. Hain: I do. North Wales police has had an excellent record in tackling crime on almost every measure, especially in community support for policing and community support schemes. I give her the same assurance as I gave to my hon. Friend the Member for Ynys Môn (Albert Owen). Any changes or reorganisation—especially with the protection for regional accountability, a deputy chief constable now being provided by the Home Secretary, and the costs being dealt with—will be a big boost to policing across Wales, including her constituency.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): Recruitment of additional community support officers might suffer unless problems with the restructuring process and its funding are clarified. Early in February, Home Office officials told police authorities in Wales that they would produce detailed information in response to concern about the extra cost to the taxpayer and the impact on precept equalisation. By the end of April, however, that had not been done. Does the Secretary of State know when police authorities will receive the urgently required details from the Home Office?

Mr. Hain: May I start off on a point of agreement? Policing in Wales, and many other services, would suffer if the Conservatives' plans for public spending cuts were visited on Wales. In respect of the costs of reorganisation, start-up costs, the costs of extra protective services for which the whole reform is designed and the equalisation of the police precept are all important issues. Home Office officials, together with Ministers, are working on that now with police authorities, and I am sure that a satisfactory outcome can be achieved.

Mrs. Gillan: In other words, those details have not been forthcoming from the Home Office. I further understand that the four chief constables have written to Sir Ronnie Flanagan, head of Her Majesty's inspectorate of constabulary, expressing grave concern about the Home Office's 75 per cent. cut in its estimates for the budget required to deliver the protective policing that the Secretary of State mentioned. They ask whether a fundamental change has been made in the national standards. As this is an operational issue, which strikes at the heart of the reason behind the mergers, how can our police forces in Wales deliver protective policing and have confidence in a Home Office that slashes police estimates with no apparent explanation?

Mr. Hain: The hon. Lady must know that all four chief constables support the principle of a single all-Wales force. They, like Her Majesty's inspectorate of constabulary, know that whatever the Conservative and other Opposition parties say, Wales will not have the capabilities to fight serious organised crime, drug dealing and terrorism unless the reorganisation is implemented. She is right, however, to say that they have written that letter, and I share their concerns. I support them in getting those concerns resolved with the Home Office, and I am confident that we can achieve that.

John Smith (Vale of Glamorgan) (Lab): I welcome the news about the CSOs in Wales. Will my right hon. Friend join me in congratulating Superintendent Sue Hayes and her team in the Vale of Glamorgan division of South Wales police on another record-breaking year in tackling crime, with a 4.3 per cent. reduction? Does he, however, share my fear that high-achieving police divisions will find it increasingly hard to hit and exceed their targets when they are doing so well already? Will that be taken in consideration in the drawing up of future targets?

Mr. Hain: I am sure that it will, and I agree that we have many outstanding police officers in Wales. With the extra 1,000 officers recruited under this Government, compared with the Tory Government's record of cuts, we now have a proud record and a proud police force, designed and with the capability to tackle crime through Wales.

Tourist Medical Facilities

4. **Michael Fabricant** (Lichfield) (Con): What discussions he has had concerning the provision of facilities for the treatment of minor injuries suffered by English tourists while visiting Wales. [66183]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): I have regular discussions with the Assembly Minister for Health and Social Services on a range of health issues.

English tourists, like anyone in Wales, have access to the 15 major accident and emergency departments and nearly 40 minor A and E departments and minor injury units.

Michael Fabricant: The Minister will know that during July, August and part of September, the caravan sites, bed-and-breakfast places and hotels start filling up, as do cottages and small hospitals. The Tywyn cottage memorial hospital, for instance, experiences a demand five times as great as it normally experiences during the rest of the year. Will the Minister assure me, and the many people in my constituency who use such hospitals, that the hospitals will continue to be maintained and the minor injuries units will not be closed?

Nick Ainger: I am grateful to the hon. Gentleman for what he has said, and particularly for what he said about Tywyn community hospital. He may not know that it has just been the subject of a review, and that improvements are guaranteed for the future.

The National Assembly recognises the important role that community hospitals play in delivering local services to patients, and there is an investment programme throughout Wales to improve those services. I can assure the hon. Gentleman that the Assembly values its community hospitals.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): I am sure my hon. Friend is aware that literally thousands of English tourists will visit Cardiff for the forthcoming cup final. No doubt they will receive a warm welcome from the people of Wales, but will my hon. Friend welcome the same English tourists back to Wales after England has won the World cup?

Nick Ainger: Yes, indeed. In view of the Millennium stadium's proud record in providing facilities for the FA cup final and many other major sporting facilities, I trust that the participants will not have to make use of any of the A and E units in Cardiff.

Agricultural and Environmental Research

5. **Mark Williams** (Ceredigion) (LD): If he will make a statement on the funding of agricultural and environmental research in Wales. [66184]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): Research and development in the sector is not devolved, and the budget is managed on behalf of England and Wales by the Department for Environment, Food and Rural Affairs. DEFRA has already committed more than £6 million of R and D funding to contractors based in Wales for the current financial year, and more contracts will be awarded during the year.

Mark Williams: The Minister will be aware of widespread concern about the loss of 29 jobs at the Institute of Grassland and Environmental Research in my constituency, and deeper concern about the uncertain future in the longer term. There is a suggestion that closer governance is on the agenda for the Rothamsted institute in Hertfordshire, which could leave IGER in a highly vulnerable position in the future. On that basis, will the Minister support another option whereby IGER would become an enhanced agri-research institute for Wales? That would allow it to retain its independence, and would enable the National Assembly to undertake its sustainable development agenda more directly.

Nick Ainger: I am aware of the concerns raised by the hon. Gentleman, who has met me and my right hon. Friend the Secretary of State to discuss these and other issues. I am aware also of the discussions taking place about a single funding stream for IGER and the Rothamsted institute, which together are in consultation with the Biotechnology and Biological Sciences Research Council. I shall discuss the matter with Carwyn Jones on Monday, and write to the hon. Gentleman afterwards.

Microgeneration

6. **Mrs. Madeleine Moon** (Bridgend) (Lab): What estimate he has made of the environmental and economic impact on Wales of the Budget announcements on microgeneration and the National Institute for Energy Technologies. [66185]

The Secretary of State for Wales (Mr. Peter Hain): The Budget represents a good deal for Wales and for clean energy. Homes and businesses in Wales will benefit from the extra £50 million boost for microgeneration in the UK.

Mrs. Moon: Wales is superbly placed to become a leader in renewable energy and the emerging energy technologies. Does the Secretary of State agree that Technium, which is based just across the border from my Bridgend constituency and the area represented by my hon. Friend the Member for Ogmore (Huw Irranca-Davies), would be an invaluable target for investment as a site for research in that growing market? It would also provide high-value jobs for workers from both constituencies.

Mr. Hain: Yes, I agree. Renewable energy technology, including for microgeneration, is the key to the future. It can also provide many jobs, and take advantage of the excellent potential in my hon. Friend's constituency.

Sport Finance

7. **Adam Price** (Carmarthen, East and Dinefwr) (PC): What assessment he has made of the impact of the London Olympics on Wales's share of sport-related lottery funding. [66188]

The Secretary of State for Wales (Mr. Peter Hain): I am confident that the overall impact of the 2012 Olympic and Paralympic Games will be beneficial to Wales.

Adam Price: Wales receives just 4.5 per cent. of sport-related lottery funding. That is less than our population share and the lowest figure of all the lottery distributors. Will the Secretary of State guarantee that our share will

not fall even further as a result of the £1.5 billion of lottery funding to be used to pay for the London Olympics? *[Interruption.]*

Mr. Speaker: Order. Will the House come to order?

Mr. Hain: Obviously, my right hon. Friend the Secretary of State for Culture, Media and Sport will want to reflect on the points that the hon. Gentleman makes, but lottery funding has made a huge impact on Wales. When the Olympics come to London, they will also provide opportunities to take advantage of various sites in Wales.

NHS Dentistry

9. **Mr. Peter Bone** (Wellingborough) (Con): What discussions he has had with the Health Minister in the National Assembly for Wales on cross-border issues relating to NHS dentistry in Wales. [66190]

The Parliamentary Under-Secretary of State for Wales (Nick Ainger): I met the Assembly Minister for Health and Social Services only last week to discuss a range of issues related to NHS dentistry in Wales, and was pleased to hear that the Assembly Government's increased investment means that more than 230,000 additional NHS places have been created.

Mr. Bone: In 1997, the people of Wales had access to an NHS dentist. Today, many people have to travel considerable distances, including across national borders, to find one. Would the Minister like to apologise for that appalling state of affairs?

Nick Ainger: No, I would not. The Welsh Assembly Government are planning to invest an additional £30 million in NHS dentistry in the coming year. That will bring total spending on NHS dentistry in Wales from £81,000 in the last year to over £210 million in the coming year. As I have said, that will create an additional 230,000 places, so that people will have access to an NHS dentist.

Severn Estuary Barrage

10. **Jenny Willott** (Cardiff, Central) (LD): If he will make a statement on the recent proposals for a barrage in the Severn estuary. [66191]

The Secretary of State for Wales (Mr. Peter Hain): Tidal energy has huge potential to supply a significant proportion of the country's future energy needs and in turn make a significant contribution to our emissions reduction targets. I therefore welcome and support the renewed interest by private investors in the Severn barrage proposal.

Jenny Willott: In a future feasibility study for a Severn barrage, will the Minister commit to including all potential ways to exploit the estuary's tidal power, including tidal lagoons and fences, and marine current turbines? Will he ensure that the full financial and ecological costs are taken into account?

Mr. Hain: Yes. That will be a matter for my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs, and for my hon. Friend the Energy Minister. The Welsh Assembly Government have strongly backed that exciting project, and I support them. It is the biggest renewable energy project in the UK and the world as a whole, and could account for up to 5 per cent. of UK electricity production. Its output would be the equivalent of what is produced by at least two nuclear power stations, and would help us meet the shortfall in our generating capacity that will open up after 15 years.

David T.C. Davies (Monmouth) (Con): Does the Secretary of State agree that the Severn barrage is at least 20 years from completion and that we would, therefore, be crazy to rule out existing technologies such as nuclear, which could plug our energy gap without increasing carbon emissions?

Mr. Hain: The energy review is looking at nuclear for precisely that reason. The Prime Minister set up the review because a big gap will open up in our generating capacity in 15 years' time. All options therefore have to be looked at, but I hope that the hon. Gentleman will support the Severn barrage scheme. If he and his leader are serious about going green, they ought to back renewable energy, offshore wind farms and projects such as the Severn barrage, which make it viable to have clean, green energy in the future.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [67221] **Willie Rennie** (Dunfermline and West Fife) (LD): If he will list his official engagements for Wednesday 3 May.

The Prime Minister (Mr. Tony Blair): This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Willie Rennie: Just what does it take for the Prime Minister to accept the Home Secretary's resignation?

The Prime Minister: I believe it is important that a system that has not worked properly for decades is sorted out. The Home Secretary is sorting it out and it is right that he continues to do that.

Q2. [67222] **Mr. Michael Foster** (Worcester) (Lab): With educational standards constantly rising in our schools, will my right hon. Friend join me in encouraging head teachers to sign up eligible pupils to the Government's national academy for gifted and talented youth, so that many more young people receive the education that is best suited to their individual needs?

The Prime Minister: My hon. Friend is absolutely right to draw attention to the success of the academy, which is working with about 85,000 very able young people across the country. We want to extend the programme so that those who are especially gifted and talented in our schools, who have often not had opportunities in the state system, can access those opportunities irrespective of their wealth and get the very best education, tailored to their personal needs.

Mr. David Cameron (Witney) (Con): The Home Secretary was told last July about the scandal of dangerous prisoners released on to our streets instead of being considered for deportation. The Prime Minister has now had a week to find out what is actually going on in the Home Office. Can he explain why the rate at which prisoners were released and not deported actually accelerated after the Home Secretary found out about it?

The Prime Minister: Yes, I can explain that. Back in August 2005, before any parliamentary questions were raised about the issue, the practice of the immigration department changed so that instead of relying on the prisons to notify it of the release dates of prisoners, it sent immigration officers directly into prisons. That, therefore, meant that many more cases were identified and I can give the right hon. Gentleman the figures. After that point, there were 1,000 actual removals and deportations and 3,000 cases considered, so the rate at which cases came to the immigration and nationality department increased dramatically. However, from 30 March, every case is considered before release and that, let me tell the House, is the first time that has happened for decades.

Mr. Cameron: That is absolutely no explanation why the rate accelerated. Is not the reason why the number accelerated made clear by a senior immigration officer? He said:

"There was an unwritten rule that immigration officers could not go to prisons because senior officials knew that most of the prisoners up for deportation would automatically claim asylum. This was one of several 'creative' solutions thought up by senior officials to please ministers",

so that the official asylum numbers would come down. Can the Prime Minister give us an absolute assurance that that was not the case?

The Prime Minister: Yes, I can, for the reason that I have just given. The whole number of cases being considered increased. The right hon. Gentleman's suggestion that somehow the system was changed and weakened by the Home Secretary is wrong. About 1,500 prisoners are being deported a year. If we go back, not just over the period of this Government, but over the past couple of decades—*[Interruption.]* I say this not in excuse or mitigation but to show that the system has had faults from the beginning. If, for example, we take the time when the right hon. Gentleman was a special adviser at the Home Office—*[Interruption.]* I am not expecting him to take responsibility; I am simply saying that whereas the system now deports 1,500 a year, at that time, the number of people removed on court recommendation, or as not conducive to the public good, was 370. At that time, only one in five failed asylum seekers were removed; now, we remove more than the number of unfounded asylum claims every month. The backlog of cases was 60,000; it is now a few thousand.

If the right hon. Gentleman would like to know how many cases were not considered then, I cannot tell him and neither can he tell me, because there were no such records. Incidentally, at that time, according to Government figures at that time from Earl Ferrers, there were at least 6,000 prisoners at any one time who were in our prisons whose nationality we did not know.

All I say to the right hon. Gentleman is this: this system has not worked properly for decades, and it is actually working now. We have to work through the backlog of cases, which we will do, but it is completely wrong to say that this problem was created or began under this Home Secretary.

Mr. Cameron: People listening to that answer will, frankly, think it pathetic. This scandal has happened on the Prime Minister's watch and he cannot run away from responsibility for it. His assurances are worth so little, when last week at the Dispatch Box, he admitted that he did not even have the figures.

I have a letter from another immigration officer who has worked in the service for 30 years. He says that we

"are under instruction not to get involved in assisting the police with offenders ... because these offenders are likely to claim asylum and tip the scales the wrong way. Thus are the figures massaged."

Should we not believe the people who have been working on the front line for nine years rather than a Prime Minister who did not know about this nine days ago?

The Prime Minister: If the right hon. Gentleman talks to people on the front line, they will tell him that there have been problems with this system for a very long time. The important thing is how we now overhaul not just the way the system works, but the system itself, and my right hon. Friend the Home Secretary will deal with that in a few moments. The fact is that we have not deported all those convicted of imprisonable offences from the very beginning of this system. I think that it is now time that anybody who is convicted of an imprisonable offence and who is a foreign national is deported.

I just remind the right hon. Gentleman that, when this Government introduced a provision in the Nationality, Immigration and Asylum Act 2002 to say that anybody convicted of any offence carrying more than two years' imprisonment should not be eligible for asylum and therefore could be deported, his party opposed that amendment. In addition—*[Interruption.]* I am sorry, but if we want to take the measures, let us take the measures. Let me also point out that, when we introduced the Criminal Justice Act 2003 that allowed us to carry out the early removal of these prisoners—in other words, instead of waiting to the end of their sentence, we could remove them early—his party also voted against that Act. So I suggest that we now take the

measures necessary not just to improve the way the existing system works, which the Home Secretary has done, but to change it fundamentally for the future.

Mr. Cameron: I look forward to the Home Secretary's statement. I stuck around to listen to his statement last week when the Prime Minister scuttled out of the building.

In March this year, the Home Secretary was told that a significant number of the criminals released and not deported had committed the most serious offences, including murder and rape. It is now clear that he did not tell the Prime Minister for three weeks. Does the Prime Minister agree that this is the sort of information that a Prime Minister should be told at once?

The Prime Minister: The important thing was that, from 30 March onwards, the new system that was put in place meant that the cases were considered prior to release. That has now been done; the backlog is now being dealt with.

I return to the point that I have made. On any basis, for years we have not been deporting all those people convicted of a serious criminal offence. I say now, "Let us deport all those people", and I hope that we can get support for that right across the House. Up until now, every time we have taken these measures, they have been opposed by the Conservative party.

Mr. Cameron: Let us just be clear about what we have heard: murderers, rapists, paedophiles released from prison—and the Prime Minister does not want to know immediately. What sort of Government is that? At the weekend, the Prime Minister was asked whether the Home Secretary should resign. He said, "It depends." On what does it depend?

The Prime Minister: I do not believe that the Home Secretary has created the problems of this system. I believe that those problems have existed for a very long time, in the way in which I have described. I think that it is important that we take the measures necessary to sort out the existing system. That has been done and that is why, since 30 March, the cases have been considered prior to release. But I think that there is a far bigger question, which was raised by the shadow Home Secretary earlier. The fact is that even if all the cases are considered prior to release, we do not at the moment deport all those people convicted of a serious criminal offence. The truth is that even if we take those cases that have been considered, there are still a significant number that, having been considered under the existing system—which has, as I say, been in place for decades—do not result in deportation. Therefore, in my view, it is not just a question of the existing system; it is about making sure that that system is radically overhauled so that those who are convicted of a serious criminal offence are deported automatically. If we do not do that, we may consider all the cases in time, but we will not deport all the people who should be deported.

Mr. Cameron: The fact is that 1,000 people were released from prison and their deportation was not even considered. This Home Secretary will for ever be associated with the scandal of releasing foreign prisoners on to our streets. While the Prime Minister keeps him in office, his claims to be tough on crime will be completely hollow. Are not people now paying the price for the arrogant attachment to office of a leader who has completely lost control?

The Prime Minister: That was the right hon. Gentleman's pre-arranged soundbite. Let me just tell him that, as I have just pointed out to him—I notice that he did not come back on any of the facts that I gave—this is a system that has not considered all those cases prior to release at any point. Even if those cases were considered, significant numbers have always not been deported. As I said to him a moment or two ago, at the time when he was working in the Home Office, it had to admit that about 6,000 prisoners in the system at any one time did not even have their nationality identified. All that I am saying, very simply, is this: there are faults with the present system in its implementation, which have been corrected since 30 March, but the real issue, which we have to face in this House if we want to deal with the public concern, is to change the system itself.

Mr. David Anderson (Blaydon) (Lab): Is my right hon. Friend aware of the decision handed down from the House of Lords relating to mesothelioma sufferers who were injured at work through being illegally exposed to asbestos? Is he also aware of the devastating impact that that will have on thousands of workers and their families, and can he give them some comfort today?

The Prime Minister: I understand the problem that my hon. Friend raises about injury through asbestos. Perhaps the best thing is for me to find out from the Department of Trade and Industry what the up-to-date position is and write to him about it.

Sir Menzies Campbell (North-East Fife) (LD): Is the Home Office fit for purpose?

The Prime Minister: That might be a question better asked of the right hon. and learned Gentleman. I do not believe that the answer to this problem lies in reorganising the Home Office. I think that the fit between prisons, immigration and asylum, and crime is the right one. The issue is the way in which the system works. I make the same point to him as I do to the right hon. Member for Witney (Mr. Cameron): if we really want to deal with this issue, we have to be prepared to say that we are going to deport people back to their countries if they are convicted of serious criminal offences, because the majority of people that the public are concerned about are people whose cases have been considered, but who have not been deported under the existing system.

Sir Menzies Campbell: Let me make it clear that when the Prime Minister produces his proposals, we will obviously consider them in detail, but in the past nine years we have had dozens of pieces of law and order legislation—*[Interruption.]*

Mr. Speaker: Order. Allow the right hon. and learned Gentleman to be heard.

Sir Menzies Campbell: In the past nine years, we have had dozens of pieces of law and order legislation and hundreds of new offences have been created. Is not what we need less legislation, better government and a new Home Secretary?

The Prime Minister: No, I think we need better legislation, and I am delighted that the right hon. and learned Gentleman has said that he will examine our proposals carefully. Let me just point out, however, that he has voted against every single one of the 12 or so measures that we have taken to tighten up the law on asylum and illegal immigration, and he voted against the criminal justice legislation and the antisocial behaviour legislation. So, there are people I will take lessons from on law and order, but not Liberal Democrats.

Mr. David Clelland (Tyne Bridge) (Lab): Apart from the minimum wage, statutory holidays, Sure Start, low unemployment, low mortgages, free eye tests, prescriptions, TV licences and bus travel, and the £200 winter fuel allowance for pensioners, 2 million children taken out of poverty, 2 million pensioners taken out of poverty, more teachers, nurses, doctors and police, and lower crime, hospital waiting lists and class sizes, what have the Labour Government done for us?

The Prime Minister: As the People's Liberation Front would say, there is doubled maternity pay and doubled maternity leave. There is extra child benefit as well. There is, of course, the case that we have spent more on pensioners than we would have done if we had relinked the basic state pension with earnings, and many other things. I can recommend to my hon. Friend the excellent booklet published by the Union of Shop, Distributive and Allied Workers on 300 Labour achievements.

Q3. [67223] **Mr. James Gray** (North Wiltshire) (Con): Under the Prime Minister's new theory of ministerial responsibility, the Home Secretary is staying on to sort out this shambles. Will the Prime Minister tell us how long the Home Secretary has got to do that and whether he will be standing down afterwards?

The Prime Minister: First, for the reasons that I have already explained, since 30 March, for the first time in decades, cases have been considered before the release of foreign nationals from prison. I come back to the point that I made a moment or two ago. One part of dealing with this is taking measures now to legislate so that everyone who is a foreign national who serves a prison sentence is automatically deported.

Helen Goodman (Bishop Auckland) (Lab): I recently visited Bishop Barrington school in my constituency, which has got a new science lab and sports hall. The Labour county council, working together with the Government, has spent £38 million on refurbishing and redeveloping 64 schools in my constituency. Is Bishop Auckland unique, or is the pattern repeated throughout the country?

The Prime Minister: It is repeated in the next-door constituency to my hon. Friend's—I can tell her that—and also in constituencies up and down the country. The fact is that about £1,500 more per pupil is being spent by this Government. Anyone who goes to their constituencies can see, whether it is in primary or secondary schools, new buildings—often a new school—new computer equipment and extra teachers and classroom assistants. That is of course why larger and larger numbers of our children are passing their exams at 11, 16 and 18, and why the education system is improving all the time.

Q4. [67224] **Mr. Crispin Blunt** (Reigate) (Con): When will the Prime Minister rewrite the ministerial code to reflect the new doctrine that the bigger the shambles, the more essential it is that the responsible Minister remains in office?

The Prime Minister: For the very reason that I have just given to the Leader of the Opposition and others, this is not a problem created by this Home Secretary—*[Interruption.]* It is perfectly obvious when one looks at the facts—I know that the hon. Gentleman does not want to hear them—that this is a problem that for the first time is being resolved.

Geraldine Smith (Morecambe and Lunesdale) (Lab): The Home Office is a huge Department covering crime, antisocial behaviour, drugs, prisons, international terrorism and people trafficking—all sorts of issues. It is mission impossible for almost any Home Secretary—[HON. MEMBERS: "Especially this one."] No, I think that this Home Secretary will sort the problems out and should remain in his job. Does the Prime Minister agree that the Home Office should be split up at some stage so that there are two Cabinet Ministers with responsibility for each of the new Departments?

The Prime Minister: I totally understand why my hon. Friend says that. In my view, the fit between immigration, asylum, crime and prisons, on the other hand, is a proper fit. The issue, which is important when we go back over the history, is that part of the problem is the rules that apply to people when they are eligible for deportation. For example, there was the case by the immigration appeal tribunal in the Chindamo case back in 2001, when the Home Office was prevented from considering deportation early in the prison sentence of the foreign national.

If we do not change the rules—it does not matter what structure we have—it will be difficult to do what I am sure the public want, which is to say, "If you come to our country and you are a foreign national, and you commit a crime, you should go back to your own country." That is the real part of the issue. It is absolutely understandable why people raise the issues that they do, but if we look back over the history of this issue, we find that this is a system that has never worked, not for reasons to do with structure in the Home Office but for reasons to do with the system itself.

Q5. [67225] **Mr. Simon Burns** (West Chelmsford) (Con): Has the Prime Minister recently read paragraphs 2.7 to 2.10 of the ministerial code of conduct? When a Parliamentary Private Secretary at the Department for

International Development publicly calls for the Prime Minister to retire and when a PPS in the Home Office, no less, suggests that the Deputy Prime Minister should reconsider his position, does that not suggest that collective responsibility has broken down, or that the Government are in meltdown?

The Prime Minister: The question of my hon. Friend the Member for Tyne Bridge (Mr. Clelland) about the achievements of the Government gave the answer to the hon. Gentleman. I appreciate why he wants to go through the details of the ministerial code. I think that the strength of the economy, the investment in schools and hospitals, issues like the minimum wage and 2 million pensioners lifted out of hardship and 700,000 children lifted out of poverty—the hon. Gentleman can shake his head, but many people are grateful for the progress that has been made.

Tom Levitt (High Peak) (Lab): Just for the record, neither of the Parliamentary Private Secretaries at DFID, of whom I am one, called for my right hon. Friend to stand down. Further to the question of my hon. Friend the Member for Tyne Bridge (Mr. Clelland), does my right hon. Friend agree that anyone who has been in receipt of tax credit or pension credit, or all the other wonderful things that he mentioned, has a vested interest in judging on which side their bread is buttered? If they want their jam today to continue, should they not vote Labour tomorrow?

The Prime Minister: My hon. Friend is absolutely right in drawing attention to the combination of tax credits, which give enormous support to families, particularly those with young children, and the extra increases in child benefit—child benefit was frozen under the Conservative Government—which has risen by 25 per cent. in real terms, along with the minimum wage. We did not merely introduce the minimum wage in the teeth of the opposition that was mounted by the Conservatives, but increased it. The combination of tax credits and the minimum wage is making work pay for people. That is one of the reasons why we have 2 million extra people in work. My hon. Friend is absolutely right that there are families that benefit from tax credits, as do pensioners. Without them, they would still be living in the poverty that they experienced under the Conservatives.

Q6. [67226] **Bob Russell** (Colchester) (LD): The Prime Minister is probably not aware of the English cultural cleansing caused by Arts Council England's failure to promote England's traditional folk dance and song, nor that the council has spent £5.5 million for an arts facility that will promote contemporary Latin American art. Will he find out what is going on at the Arts Council?

The Prime Minister: The hon. Gentleman is right about one thing: I was not aware of it. I was hoping that he might give us a demonstration of English folklore dancing. I will certainly look into the matter and correspond with the hon. Gentleman. Personally, I think that there is a place for both.

Gordon Banks (Ochil and South Perthshire) (Lab): May I bring my right hon. Friend's attention to an article that appeared in *The Times* on Monday, in which the hon. Member for Woodspring (Dr. Fox) said that his party risked being

"tilted too much in any one direction, that makes us politically less stable and that makes us less attractive"?

Does my right hon. Friend agree that that thinly veiled attack—

Mr. Speaker: Order. That is not a matter for the Prime Minister. The hon. Gentleman should have a word with the hon. Member for Woodspring (Dr. Fox).

Q8. [67228] **Andrew Selous** (South-West Bedfordshire) (Con): Motorists who drive dangerously are regularly escaping prosecution through address scams that put them beyond the law. With the Road Safety Bill before Parliament, the Prime Minister could solve the problem now by telling Home Office Ministers to get a grip, protect the public and save lives. Will he do so?

The Prime Minister: I will certainly look into the matter that the hon. Gentleman has raised. In principle, I would be deeply in sympathy with him, but I need to find out exactly why that has happened.

Mr. Andrew Dismore (Hendon) (Lab): Does my right hon. Friend agree that everyone should do their bit to help reduce greenhouse gas emissions? In that context, what advice would he offer to those planning to buy a new car or contemplating a 2,000-mile private jet round trip to publicise the dangers of global warming?

The Prime Minister: Everyone makes their contribution in their own way. The point that my hon. Friend makes is right in this sense: if we are to tackle climate change, it is essential that we get international agreement. It is worth pointing out to the House that, as a result of the growth being experienced by China, we estimate that even if we shut down all the emissions in this country, it would take the Chinese economy about 12 months to make up the difference. Of course, we must continue our leadership role on the issue. That is why we will more than meet—indeed, we will double—our Kyoto targets. It is important that we take measures in the United Kingdom, but there is no serious answer to climate change except at an international level.

Q9. [67229] **Dr. Andrew Murrison** (Westbury) (Con): The community health White Paper published in January this year, at paragraph 6.42, correctly states:

"community facilities should not be lost in response to short-term budgetary pressures",

yet all four community hospitals in my constituency, plus a 26-bed elderly mentally infirm unit in Trowbridge and our midwife-led midwifery unit are all scheduled for the axe to sort out deficits. Given that the Secretary of State for Health today declined me an audience to discuss the impending disaster facing my constituents in West Wiltshire, will the Prime Minister at least attempt to reconcile the rhetoric in her White Paper with the bitter reality facing my constituents on the ground?

The Prime Minister: I cannot comment in detail on the issues in relation to the hon. Gentleman's health care system, though I am happy to correspond with him

about that. After all, the West Wiltshire primary care trust funding has increased by 32 per cent. and will increase by 25 per cent. over the next two years. That is an increase of £31 million. I hope the hon. Gentleman understands that, whatever amount of money we put into the health service, PCTs and hospital trusts must live within their means. We need to sort the system out precisely so that the benefits in the White Paper can be achieved for patients. I point out to him, as it would be fair to give the other side of the picture for a little balance, that, in respect of those waiting more than six months for an operation in his area, in 1997 there were almost 12,000, and now the answer is three. That is at least some significant improvement.

Q10. [67230] **Harry Cohen** (Leyton and Wanstead) (Lab): I raise with the Prime Minister a legacy issue—the Olympics legacy. The Olympics has huge potential to benefit communities in London, especially in east London, where my constituency is. Will he commit the Olympic Delivery Authority to hold talks with local councillors so that projects to boost employment, sports and better lifestyle, skills training and sustainable development for the benefit of communities in London are taken forward?

The Prime Minister: I pay tribute to the work that is being done in my hon. Friend's area in respect of the Olympics. He is right to say that there are enormous potential benefits, and I am sure the Olympic Development Authority will be happy to meet local representatives. Two things will happen, beyond doubt. First, thousands of jobs will be created in the area. Secondly, after the games, the athletes' village will be converted into more than 3,500 apartments which will be a mix of social and other housing, particularly for key workers such as teachers and nurses. The London Olympic institute will be sited there as well, so it will be a huge development that brings lasting benefit to the people in my hon. Friend's area and in the whole of London.

Mr. Michael Howard (Folkestone and Hythe) (Con): How can the Prime Minister say that every foreign criminal who serves a sentence of imprisonment should be automatically deported, when he knows perfectly well that his own Human Rights Act makes that impossible?

The Prime Minister: That is wrong. That is not the reason. Over the time—*[Interruption.]* I am very glad that the right hon. and learned Gentleman got to his feet, because I will remind him of what actually happened when he was Home Secretary. *[Interruption.]*

Mr. Speaker: Order. Do not shout the Prime Minister down.

The Prime Minister: The fact is that before the Human Rights Act—*[Interruption.]*

Mr. Speaker: Order. Mr. Andrew Turner, you keep doing it, but you should not defy the Chair.

The Prime Minister: Before the Human Rights Act, the right hon. and learned Gentleman did not deport all foreign prisoners, did he? [HON. MEMBERS: "No."] No, exactly, which is my point. This system did not work while he was Home Secretary and has not worked whilst others were Home Secretary, and it is time to change it. But since the right hon. and learned Gentleman got to his feet, let me remind him what we inherited from him. The asylum backlog was 60,000, decisions took 22 months, and the number of removals was one in five. He has about as good a record as a Liberal Democrat would have had.

Deportation and Removals

12.31 pm

The Secretary of State for the Home Department (Mr. Charles Clarke) *rose—*

Hon. Members: Resign!

Several hon. Members *rose—*

Mr. Speaker: Order. I will take points of order after the statement.

Mr. Clarke: With permission, Mr. Speaker, I would like to make a statement on the deportation and removal of foreign national prisoners. I will update the House on our progress in considering the cases that I reported last week had been released without proper consideration, and I will set out the facts in relation to the reports on foreign national prisoners and the removal of failed asylum seekers, which my Department received over a period of time. I will also set out the action taken by my Department in response to those reports, including the robust procedures put in place to deal with the very specific issue of consideration of deportation pre-release. Finally I will set out, as promised a week ago at this Dispatch Box, the conclusions I have come to on reforms necessary to the policy framework in which deportations are considered and dealt with.

Let me begin by confirming, as I set out to the House last week, that as a result of a series of decisions taken earlier this year, including improved management structures, more resources and tightened procedures, we have for the past month had a system to ensure that further cases cannot be missed. That situation will continue to improve as we move over time as a matter of routine to consider for deportation all potential cases a year before they leave prison, or at the beginning of the sentence if that is less.

Last Friday I wrote to you, Mr. Speaker, to set out our progress in dealing with those cases released without prior consideration of deportation, and I would now like to update the House on the figures that I published then. As of yesterday evening, consideration of all the most serious 79 cases had been completed, with deportation action having been commenced in respect of 70. The remaining nine are cases where deportation action is not being pursued, in accordance with current policy criteria. Of those 70, 32 are now accounted for and either deported or within our control. The immigration service and the police are continuing priority operations to bring the remainder under control. I will not give further details at this stage, as the House will appreciate that my first priority is the efficacy of those operations.

As I made clear in last Friday's letter, Mr. Speaker, our second priority for consideration is the 103 cases in which, as we stated to the Public Accounts Committee, the type of offence was unknown. Data on these cases is now complete, and I can say that there are 11 of these cases where the original offence was within our category of "more serious offences". Consideration for deportation of all but one of these cases has now been completed and deportation action has commenced in respect of seven of them. Since their release, none of these individuals has committed any of the more serious further offences.

That deals with all the cases where individuals were originally convicted of more serious offences. Of the 1,023 cases in total, consideration has commenced in 574 cases, of which 554 have been completed, with deportation action being pursued in 446 cases. Perhaps I should add that almost all the cases that have so far been given prominence in the media in recent days are not among those upon which I have been reporting to the House, although some do indeed raise important issues of policy.

Whatever the historic failings, I want to thank all those engaged in the very intensive work that has continued throughout the bank holiday weekend. That has included a major police incident room in Portsmouth, a casework operation in the immigration and nationality directorate in Croydon, work by prison and probation staff, and joint police and IND operations to detain offenders decided for deportation. There is a very high operational commitment to this work, for which I want to express my appreciation.

From the outset I have acknowledged that there has been a systemic failure within the Home Office, which I regret and for which I have apologised. For example, it was only in 1999 that records on this subject began to be kept at all. However, there have been a number of allegations of inaction by the Home Office in a range of areas over a period of time that have portrayed what I believe to be a false position. I want now to set the record straight.

There are three distinct issues. The first is the broad issue of the rising number of foreign nationals in our prisons—rising from 5,587 in 2000 to almost 10,000 in 2005— and the policy framework for their deportation. The second is the removal of failed asylum seekers and our action to reach the so-called "tipping point". The third is the specific operational question of the backlog of cases.

The first issue—the overall approach to foreign national prisoners and their deportation—was the one raised over a period of time by respective chief inspectors of prisons. In summary, they have mainly made the argument that the Government were not paying sufficient attention to foreign national prisoners or their human rights, particularly in relation to detention after the end of their sentences. The Home Office has sought to deal with those concerns by a variety of means, which, among other things, led to the deportation of about 3,000 foreign national prisoners in the years 2004 and 2005—a figure to compare with a total foreign national prisoner population of 9,690 prisoners in 2005. Anne Owers, the chief inspector of prisons, acknowledged some progress on that broad issue in her report of 2004–05.

The second issue—the removal of failed asylum seekers—was the main focus of the National Audit Office report of July 2005, to which much reference has been made, entitled "Returning Failed Asylum Seekers". The overall conclusion of the report was that the prompt departure or removal of unsuccessful asylum applicants should be prioritised—a conclusion that squared exactly with the Home Office prioritisation of asylum in general and, in particular, action to reach

[Mr. Clarke]

the point where more asylum seekers were leaving the country than there were unfounded new applications. That was indeed achieved in February this year and was widely welcomed.

The NAO report also noted that action on criminal cases was not being initiated early enough to allow preparations for removal to be made pre-release from prison, although the report acknowledged the increase in resources already directed to dealing with such cases. The Home Office immediately responded to the NAO comment. Additional staffing of 90 caseworkers to come on stream from January 2006 was identified, as were a further £2.7 million of resources to come on line from 1 April 2006. Immigration service staff were placed in four London prisons and surgeries were held in 60 prisons, a weekly report on the foreign national prisoner population was initiated, and new arrangements were made to move foreign nationals who had completed their sentence from prison to immigration detention facilities at the rate of about 300 a month. In addition, management arrangements were strengthened.

The NAO report was the basis for the Public Accounts Committee evidence session on 26 October 2005, which also focused on the issue of the removal of failed asylum seekers. I have already acknowledged the important role played by the Public Accounts Committee in focusing attention on these matters. I also very much welcome the announcement that the Home Affairs Committee will extend its inquiry to cover this matter. The House may recall that I first raised publicly my concern over the broad policy issues raised by the rise in the number of foreign national prisoners in evidence to the Home Affairs Committee on 25 October last year.

Following the PAC hearing, the Home Office set about collecting and cleansing the data in order that we could report properly to the Committee and take appropriate action on the true size and nature of the backlog. The first report was made to the PAC in November, but closer analysis revealed that the size of the backlog was larger than previously thought and, crucially, that serious offenders were among the backlog. That was reported to me at the end of March 2006, together with plans to recheck the information before it was put into the public domain, to begin casework on the backlog and to work with prisons and probation on the serious cases. The PAC itself published its report on 14 March. It addressed the issue of foreign national prisoners in the body of its report, but it was not in a position to draw firm conclusions or make firm recommendations.

The rise in the number of foreign nationals in our prisons and the overall policy framework for dealing with issues of their deportation is a long-standing concern about which detailed work has been proceeding for some months in the Home Office. I would now like to report my preliminary conclusions to the House. These are complex and difficult issues, so I will shortly publish—before the end of May—a consultation paper with specific and detailed proposals from the beginning to the end of the process. The guiding principle will be that foreign nationals guilty of criminality should expect to be deported.

To achieve that, I will consult in the following areas. First, the data which identify an individual as a foreign national must be captured at the beginning of the criminal justice system, including at the point of arrest and as the case proceeds through the courts. At each stage, there should be sanctions against individuals who give false information on nationality, or indeed no information at all.

Secondly, it is important to ensure that the issue of deportation is raised throughout the sentencing process. Following recommendations from the sentencing advisory panel, the Sentencing Guidelines Council will shortly be publishing draft guidelines to set clear criteria according to which judges should make deportation recommendations when sentencing.

Thirdly, we need to deport prisoners at an earlier stage in their sentence. Ideally, prisoners should serve their sentence in full in their home country. The UK currently has prisoner transfer agreements with more than 90 countries, and we have recently ratified an agreement with India and other such agreements are awaiting ratification. Within the European Union, we are strongly supporting the efforts of the Austrian presidency to secure a directive which will enable the repatriation of prisoners within the EU without requiring the consent of the prisoner. In addition, the Criminal Justice Act 2003 introduced arrangements to consider whether prisoners should be deported before the end of the sentence, and we will consult upon proposals to enable this to happen earlier in a prisoner's sentence.

Fourthly, I want to make it clear that the Government not only intend to ensure that the current system operates effectively, but seek after consultation to extend the categories of offenders who are considered for deportation. We will therefore publish proposals to consider for deportation a wider range of offenders.

I want to state clearly that where deportation can properly be considered, the clear presumption should be that deportation will follow unless there are special circumstances why it cannot. We will consult on whether that presumption should be made statutory through primary legislation. Such a presumption would include all criminals sentenced to imprisonment, all those convicted for an offence listed in an order under section 72 of the Nationality, Immigration and Asylum Act 2002, all those on the sex offenders register, repeat offenders and, of course, all those recommended for deportation by the sentencing judge. We believe that there is a strong case for extending those proposals to any individual who is convicted of an imprisonable offence, whether or not a sentence of imprisonment was actually given, and we will consult on that too.

Those proposals would replace the current practice of considering for deportation only non-European economic area nationals with a sentence of 12 months or more; EEA nationals with a sentence of 24 months or more; cases in which the individual has three lesser convictions in a five-year period; and all cases in which the sentencing judge has recommended deportation.

Finally, in relation to our policy framework, I have already said that we are now ensuring that all deportation decisions are being taken before an individual is released. That will continue, but I will also consult on the following steps to ensure effective

implementation of deportation and removal decisions: the full use of the less burdensome process of administrative removal rather than deportation in eligible cases where individuals have no or limited leave to remain; more effective procedures in relation to psychiatric hospitals; a new power in primary legislation to enable us to detain an individual pending consideration whether they should be deported or removed as a result of their criminal conviction; amending primary legislation so that deportation appeals, save for those raising asylum or human rights issues that are not clearly unfounded, are heard after the individual has been deported from the UK; and the introduction of an automatic bar on return for all those who are subject to administrative removal due to criminality, which is already the case with those who are deported.

I should add that I will also consult on proposals to achieve a more coherent approach to taking criminality into account in decisions on who is allowed into the country, who is allowed to stay, who is granted settlement and who can acquire British citizenship. These are significant proposals which, as I said earlier, we have been preparing for some months—[HON. MEMBERS: "Oh!"] We have. They will, I am sure, also be controversial, but I hope that, unlike with some previous legislation in this area, we can rely on the full-hearted support of both the main Opposition parties in ensuring that foreign nationals who commit crimes are deported rapidly to the countries from which they come.

This has been an unedifying episode for all of us in the Home Office who are charged with the protection of the public—*[Interruption.]* Yes, it has. But I said that I would stay and put the situation right. I have set out the results of the intensive work that is being done by the agencies to deal with the outstanding cases. I have set out the steps taken to improve our systems on foreign national prisoners, including robust procedures that now mean that the appropriate processes are in place, and I have set out my proposals to deport more offenders, more quickly. I commend the statement to the House.

David Davis (Haltemprice and Howden) (Con): The first duty of Government is to protect the public, and the Government have failed in that duty in a most appalling fashion. They have done so, not by failing to identify suspected criminals—although they have done that—and not by failing to catch criminals, but by releasing over 1,000 criminals from their own prisons without consideration. Ministers have lost control of their Departments and they have introduced a new doctrine of ministerial responsibility—the bigger one's mistake, the more one deserves to stay in one's job. The Home Secretary has tried to make a virtue of the fact that he has told us the facts—*[Interruption.]*

Mr. Speaker: Order. Mr. Ronnie Campbell, I know it is difficult for you, but perhaps you could be quiet for a while.

David Davis: Thank you, Mr. Speaker. The Home Secretary tried to make a virtue of the fact that he has told us the facts. In truth, however, he was forced by the Public Accounts Committee to admit to his failure and he was dragged to the House to answer for it, both last week and today. We now know that he did not even tell the Prime Minister—who, I see, is giving his usual support. Last week I asked the Home Secretary four questions; he answered none of them.

Mr. Mike Hall (Weaver Vale) (Lab): My right hon. Friend answered them all.

David Davis: The Home Secretary answered none. He said that he would answer them by the end of the week, but he still had not answered any of them by then. This week I shall ask him eight questions, and the House, and the public, will expect eight answers. Before I do so, however, let me say that of course I applaud any action that will address the problem, although much of it amounts to bolting the prison door after the prisoners have fled.

I understand that the Home Secretary intends to introduce new powers to create a presumption of deportation for foreign criminals. I applaud that intention, but—*[Interruption.]* In answer to the Government Chief Whip's sub-vocal heckle, may I remind her of the powers that the Home Secretary already has? The Immigration Act 1971 gives him explicit powers to deport any non-British citizen under section 3(5) if he

"deems . . . deportation to be conducive to the public good".

Laws are fine, but the public require competent action.

Let me turn to my questions. First, there is the length of time that it took the Home Secretary to alert the police to the problem. He and his predecessors were warned several times, as he has now admitted, by Her Majesty's chief inspector of prisons and by some police forces, of the growing magnitude of the problem of foreign criminals being released rather than deported. The Home Secretary was warned again by the National Audit Office on 14 July last year. Can he tell the House precisely why he did not take action 10 months ago? Why did he not do 10 months ago what he did last week? At least 400 criminals identified in the Home Office's first submission to the Public Accounts Committee could have been arrested and deported. If, for some inexplicable reason, he was unable to act 10 months ago, why did he not act one month ago, when he had a full list available? Why did he tell the press about the problem before he told the police, giving more than 1,000 criminals the chance to disappear before the police could catch them?

We are told that from last July, procedures were implemented to increase the number of staff and the resourcing of the unit concerned, and that there is now a "proper case management system"—I think that I quote exactly. So can the Home Secretary explain why we hear persistent reports that that department is understaffed, undertrained, and largely manned by temporaries? Is not the truth that whatever he did it was ineffective, as the rate of release of foreign prisoners into the community went up after July? Is that acceleration in the release of potentially dangerous criminals into the community not a clear demonstration of his own failure?

The Home Secretary cannot even give us what he promised last week—the full number of crimes committed by the 1,000-plus criminals since their release. Civitas, the respected Home Affairs think-tank, whose director is a member of the Home Secretary's

[David Davis]

own Statistics Commission, estimates the likely number of convictions—not crimes—for the 1,000 criminals at about 700. That is 700 crimes as a result of this failure. And the Home Secretary did not tell us how many crimes were committed by the 288 criminals released after he was explicitly told about the problem—the criminals who are absolutely and inescapably his own responsibility. Civitas estimates that they would have been convicted for 100 crimes committed within six months of release.

On Friday, the Home Secretary told us that of the 79 foreign criminals he considered to have committed serious offences, deportation action had been started on 70. But only 32 of those 70 have been located. That means that 38 are not in his control, presumably because he warned them through the press three days before. So, even on his own figures he is failing in more than half the cases.

The Home Secretary should not forget that 1,023 foreign criminals are at issue here. He has just told us that deportation is being pursued in 446 cases. Will he tell us how many of those are within police control? When the Home Office completes the deportation exercise, how many of these 1,000 foreign criminals will remain at large in the United Kingdom?

I am concerned that those 1,000 are just the beginning of the problem. With almost every day that passes, we hear of a new failure. This morning's papers are full of the story of the suspect in the tragic murder of WPC Sharon Beshenivsky. I do not expect the Home Secretary to comment on that case, and I will be very careful. As I understand it, the suspect was given indefinite leave to remain in 2000. In the subsequent five years he was convicted of three offences and sentenced to three separate prison terms. Yet in March 2005 the Home Office decided not to deport him to Somalia, even though, a year earlier, the Home Office's operational guidance note on Somalia said:

"there is no longer any policy that precludes the return to any region of Somalia".

In the past two years, the Home Secretary's office has made more than 2,000 decisions against deportation. I have to ask him, in the light of this and many other examples: is he comfortable that those decisions were made with sufficient regard for the safety of the British public?

Last week, a whole new category of cases was raised by Lord Ramsbotham, the previous chief inspector of prisons—that of 1,500 prisoners who have no nationality record, or a false record. How many people in that category have been released into the community without consideration for deportation in the past seven years? Again, is the Home Secretary persuaded that this oversight has not unnecessarily jeopardised the safety of the British public?

Finally—[Hon. Members: "Hooray!"] Labour Members will not be happy about this either, because it is not amusing. Last week one of the murderers of Mary-Ann Leneghan was sentenced to more than 20 years in prison. He had been recommended for deportation on his 18th birthday, but was not deported and was involved in this hideous crime just a few months later. This raises a whole new category of people who are recommended for deportation but who are not, for one reason or another, imprisoned. Can the Home Secretary give us an indication of the size of that category and whether he has considered policy with regard to such people, as clearly some represent an unnecessary risk to the public.

Together, those groups represent several thousand people who are a potential risk to the public and should be considered for deportation. It may therefore be that the 1,000 whom the Home Secretary says he has already considered are just the tip of the iceberg. Has he considered these categories in detail and what he might do to minimise the risk to the public? Whatever his answer, I would like to know why he has not done anything to deal with these potentially serious risks to public safety. There are two possibilities: either the Home Secretary did not know about these problems, and was therefore negligent, or he did know but did nothing effective about them, and was therefore incompetent. The answer is not simply more laws, and it is certainly not just more headlines. The answer is a more competent Home Secretary—and that is the very least the British public deserves.

Mr. Clarke: The right hon. Gentleman raised several points—

Chris Ruane (Vale of Clwyd) (Lab): Twenty-nine.

Mr. Clarke: I do not think that it was 29, but I am interested to hear that that is the number that my hon. Friend was able to identify.

First, I paid tribute last Wednesday, and I will again, to the role of the Public Accounts Committee in this process. It has been a positive process, and that is what the PAC should do. Secondly, in answer to the right hon. Gentleman's question about what I did about the National Audit Office report last July, I have already clearly set out the whole series of measures that I took to deal with its recommendations and to improve our performance in that area. Moving on to his third point, I am the first to concede that there remain issues about implementing that in the most effective way. I do not accept his stricture that the IND, or the Home Office in general, is understaffed, undertrained and so on, but I do think that there is a serious point about way in which we organise ourselves in those areas. We are changing that as a result of the NAO report and other things, precisely in order to address those issues.

On what the right hon. Gentleman calls the accelerating procedure of failure, the reason for those figures, as my right hon. Friend the Prime Minister said a moment ago at Prime Minister's questions, is that as a result of the NAO proposals we sent immigration officers into prisons, tightened the procedure, identified more problems to take up, and solved more problems. The problem is—I have to be straight about this—that if one tries to sort out these problems, one turns up more problems. That is the situation that must be candidly addressed.

As for the right hon. Gentleman's friend from Civitas, perhaps I could remind him that, as he knows very well, in an attempt to get all-party agreement about the way in which crime statistics are dealt with, I invited him to nominate individuals to a panel to review that matter. The gentleman concerned was duly nominated by the

right hon. Gentleman, and I appointed him because I wanted some consensus, so of course I am interested in his views on all these matters.

On the question of the people whom the police and the immigration service are still pursuing, I am not, as I said in my statement, going to give a moment-by-moment update on that, but I believe that they are making extremely good progress as a result of the situation that I set out.

Finally, I come to the list of cases that the right hon. Gentleman raised, including the person allegedly involved in the murder of Sharon Beshenivsky, the cases raised by Lord Ramsbotham, and the case involving the killers of Mary-Ann Leneghan. Those are very serious cases. As the right hon. Gentleman acknowledges, they are not among the 1,000 that we are talking about, but as he also acknowledges, they raise precisely the questions that it is right for us to address in deciding how we deport more effectively people who are guilty of criminality. It is no good the right hon. Gentleman saying that we do not need more laws or more procedures, that it is all hunky-dory and the problems are simply down to poor administration. We need more laws so that we carry matters through properly and I hope that, this time, he will support the proposals.

Mr. Nick Clegg (Sheffield, Hallam) (LD): The Home Secretary predictably showered the House with a volley of new figures and statistics. We will scrutinise those new figures with the attention that they deserve. We already know from the figures released at the end of last Friday that they pose as many questions as they provide answers.

For example, why has the Home Secretary not explained to us how he compiled the figures and what definition he used to conclude that only 79 cases related to serious offences? He claims today that, of those 79, deportation action has commenced for 70, but he went on to say that 38 of the 70 have not been accounted for. How can one proceed with deportation action for the 70 most grave offenders if one does not know—or appear to know—where 38 of them are? We need answers to those questions for the statistics that he provided today to have any credibility.

The Home Secretary has announced new primary legislation. Let us be clear: the current fiasco did not arise because of an absence of legislation or a lack of rules. Yesterday, we found an 86-page document from the Prison Service that provides forensic guidance on how to consider the deportation of non-British offenders. The fiasco did not arise because of a lack of powers enjoyed by the Home Secretary; he already enjoys wide discretion to remove anyone who is deemed not be conducive to the public good. Since 1997, the Government have introduced up to 36 new laws and hundreds and hundreds of new offences. Surely he acknowledges that placing yet more pressure on an overburdened criminal justice system through new rules and laws devised in the panic of the current fiasco might prove little more than a cosmetic solution.

We will consider positively any measures necessary to deport those who should and can be deported more quickly than at present, and especially the measures that the Home Secretary outlined to encourage offenders to serve their sentences in their home countries once convicted here. However, we will not welcome the measures if they prove, on further reflection and analysis, to be a knee-jerk reaction, designed to grab headlines rather than offenders and to help the Government out of a self-inflicted fiasco.

Our prisons are grotesquely overcrowded. The probation service is demoralised and under-resourced. The Government are at permanent loggerheads with the judiciary and reoffending rates, which have a direct bearing on what we are considering, are among the highest in the western world, with up to 70 per cent. of young offenders offending again within two years of release from prison. The Government have presided over lamentably low conviction rates for some of the most serious crimes imaginable, such as rape.

Surely the Home Secretary should start getting a grip on the Government's woeful mismanagement of the criminal justice system rather than indulging in rushed, new legislation in response to recent events. Our focus will remain on the serial incompetence of a system in which the basic rules to examine every case for deportation simply did not operate. The Home Secretary should take political responsibility for that incompetence. He has said nothing today to suggest that Ministers were anything other than neglectful in failing to tackle such grave issues until they were shamed into doing so in recent days. He should do the decent thing—we know that he has done it before—and ask the Prime Minister to release him from his predicament and allow him to resign today.

Mr. Clarke: First, when I stated that 70 people had been approved for deportation and procedures were going ahead in those cases, that is true and the police are working on it, as I reported to the House. Secondly, I have not sought in any way to hide the fact that the Home Office made serious mistakes. I said that last week, I say it this week and I continue to assert it. As I said in the statement, I believe that several positive things have happened side by side with that mistake and it not right for the hon. Gentleman to say that I did not set them out. We have made significant progress on several matters.

The hon. Gentleman needs to grasp a key point when he speaks about considering the legislative position. In every deportation case, a battle goes on between the individual to be deported and the state that seeks to deport. The battle takes place in the courts, with a series of judgments appealed through a long procedure. That is the law of the land, as it is entitled to be. However—I stress this in the strongest terms—the battle about case after case, occasionally with important judgments, such as the Chindamo judgment, going against the Government, is a key factor in any Government's ability to act decisively. That is why I say that our response must be to go back to the basics, and make a presumption that non-British criminals should be deported. That is what we will set out. The challenge for the hon. Gentleman and his colleagues in the House and the other place is whether they are prepared to sign up to that principle.

Mr. John Denham (Southampton, Itchen) (Lab): Following my right hon. Friend's comments, does he agree that one of the most unsatisfactory parts of the current law that has been revealed in the past few days

[Mr. John Denham]

is the way in which it requires Home Office officials to judge not only what is in the public interest, but the chance of defending a particular case against a subsequent court challenge? Does not that produce a deeply unsatisfactory and inexplicable position for our constituents, whereby it appears that Home Office officials have simply decided not to deport somebody who then commits a serious offence? Is not the great advantage of a presumption in favour of deportation not simply that we will not have future backlogs but that the House can say what it wants to happen on behalf of our constituents, and it will be clear when the courts decide in an individual case that such action should not follow?

Mr. Clarke: My right hon. Friend is correct. I pay tribute to him and the Select Committee that he chairs because it decided a good while back—partly, I am sure, in response to the NAO report, but also for other reasons—to go through the detailed workings of the immigration and asylum system. It did not simply take evidence in the House but considered the current procedures, and so it should because our approach should be scrutinised, precisely for the reason that my right hon. Friend gave. That is why I welcome the Select Committee's decision to widen its terms of reference to include the management of foreign national prisoners. That is important. My right hon. Friend is correct and I hope that the Select Committee will make recommendations to that effect and that the House will listen to them.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): Listening to the Home Secretary, I am sure that I am not alone in smelling a rat. Again, when a problem arises, a member of the Government comes to the House, denies responsibility and says, "Here's another tonne of legislation, which we will lay on the problem to resolve it." The courts have made it clear that the Home Secretary retains the absolute right to make the decision to deport somebody and they will not gainsay him on that. The idea that the proposed presumption will suddenly change that practice is nonsense.

The Home Secretary misses another point, too. What will he do about those whom he cannot deport? Will they simply wander the country because he could not deport them simply because they could not get a flight?

Mr. Clarke: I have done the opposite of denying responsibility for the matter. From the beginning, I acknowledged my responsibility for the mistakes that have been made. It is fair to say that I have also sought credit for the positive changes that we have made side by side with the mistakes, but I accept responsibility completely and categorically, and I do not believe that the right hon. Gentleman has the right to say that I have not done so.

On the right hon. Gentleman's fundamental point about how we deal with deportations, he knows from his extensive experience how difficult such issues are. It is not simply a matter of being unable to find a plane. There are access and logistical problems but, as he well knows, there is also a range of other different issues to consider.

I dealt with that specific question in the statement. I said that, in cases in which we cannot deport, we should consider primary legislation to extend our powers. That possibility will be tackled in the consultation paper.

Dr. Julian Lewis (New Forest, East) (Con): Like control orders.

Mr. Clarke: No, not like control orders. The hon. Gentleman should face a fact: we have the power to keep in prison those who have committed offences until the end of their sentence; we have the power to keep under immigration detention those whom we have a realistic prospect of deporting, but we do not have the power, on my say-so or anybody else's, to keep people in prison because we feel like it because of the risk that they might pose. That is the dilemma and the problem. It is why we need to consider new legislation and ascertain how to deal with the matter.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): My right hon. Friend referred in his statement to the removal of failed asylum seekers. The hon. Member for Sheffield, Hallam (Mr. Clegg) referred in his question to the fact that there was already legislation on the statute book to deal with such cases. Why did my right hon. Friend, in responding to the hon. Gentleman, fail to refer to the case of the failed asylum seeker in Manchester who stood in the council elections as a Liberal Democrat candidate and was elected? He returned to the country from which he claimed he had been seeking asylum to attend a wedding, and remains in this country now only because he benefited from an amnesty granted by my right hon. Friend's predecessor.

Mr. Clarke: The short answer is that that is a result of my natural generosity of spirit, which I try to show at all times to the Liberal Democrats as I cannot give them any other support.

My right hon. Friend was the first Member of Parliament to visit me on the day I was appointed Home Secretary. He took me to his constituency office—just off the Lobby—to show me the filing cabinets full of constituents' cases that had not been properly dealt with by the system that was in place at the time, and about which he had made representations. He said to me, "You've got to get this sorted out", or words to that effect. He was right. The point that he made was that the problem went back over a long period, well into the term of the previous Conservative Administration. That is what we are trying to put right, and I am determined to achieve that.

Anne Main (St. Albans) (Con): Last week, I asked the Home Secretary whether the people who had committed serious sexual offences were put on the sex offenders register before they were released, as that was vital for maintaining confidence that the register could help our local police forces. His reply was:

> "I assure the hon. Lady that precisely the same procedures on the sex offenders register applied to the foreign nationals whom she has described as apply to anybody who commits a sex offence."—[*Official Report*, 26 April 2006; Vol. 445, c. 588.]

If that is the case, how come senior police officers have said recently in the national press that there are serious offenders, including sex offenders, of whom they have

no details whatever? Will the Secretary of State fill me in on whether he feels his statement last week reflected the true situation?

Mr. Clarke: I am not sure to which statement the hon. Lady is referring, but I do not believe that those views are right. The police have been intimately involved in this approach through their national command centre in Portsmouth, and they have dealt with a large number of issues through the police national computer. I do not think that the specific remarks that the hon. Lady reports are correct, but perhaps she could drop me a note with their particulars, and I will answer them in detail.

Mrs. Ann Cryer (Keighley) (Lab): Sharon Beshenivsky lived at Hainworth, in my constituency, until her murder. My colleagues from Bradford and I attended her funeral at Bradford cathedral. Does my right hon. Friend agree that the most precious of human rights is the right to life itself? I welcome his comments, and I am impressed that we seem to be moving in the right direction. The Prime Minister also commented just now on overhauling the system and changing the rules. If we are, as my right hon. Friend the Member for Southampton, Itchen (Mr. Denham) mentioned, to have a presumption in favour of deportation, would Mustaf Jama—the prime suspect in Sharon's murder—be capable of being deported if he were to come before the people who discuss deportations? Given the changes that are to be introduced, would he now be capable of being deported? Will my right hon. Friend also comment on the letter that the Leader of the Opposition waved at us earlier when he was talking about prisoners switching to become asylum seekers before they were deported? I had understood that we had put an absolute stop to that switching.

Mr. Clarke: I pay tribute to my hon. Friend for taking up the case of her former constituent. She and I discussed the matter yesterday after the press reporting of the situation. I cannot confirm that any legislation will have a particular impact on any individual case—I am not going to comment on specific circumstances—but I can say that the whole intent of the legislation is to change the balance of assumption in favour of the rights of people who want to avoid having crimes committed against them, rather than the rights of individual criminals. That is what we are proposing, and that is what I think should happen.

On my hon. Friend's final point, I will examine the case that she mentioned, and I am sure that the Leader of the Opposition will let me have a copy of the letter that he was brandishing in the House today. I will respond in detail to my hon. Friend on that point, but I believe that steps have already been taken to deal with those matters.

Dr. William McCrea (South Antrim) (DUP): Do the Home Secretary, the Home Office and the police know where all the dangerous foreign national criminals are? If they do not know where they are, how will they remove or deport them?

Mr. Clarke: As I have said, the police are pursuing all of them on the basis of the extensive intelligence and data that we have about all of those individuals.

Mr. Marsha Singh (Bradford, West) (Lab): Can my right hon. Friend understand the anger of my constituents in Bradford, and of people in general, when they discovered that one of the people wanted in connection with the murder of Sharon Beshenivsky was a convicted criminal and a foreign national who had not been recommended, even in principle, for deportation? Why was he not recommended even in principle? Who are these people who cannot see right from wrong? Why was this man not tracked? I welcome much of my right hon. Friend's statement today, but he himself has talked about the systemic failures in the Home Office. How can we have any faith that the new measures will not end up in the same shambles as the previous ones?

Mr. Clarke: I certainly can understand the anger that my hon. Friend describes. He and I also discussed this matter yesterday. I hope that he will acknowledge that the case to which he refers was not one of the specific cases that we have been talking about. As I said yesterday, however, and I say to the House today, it does raise precisely the kind of general questions that my hon. Friend has raised. That is why we need the type of legislative change that I have described. However, my hon. Friend is right to suggest that, after the failures in the Home Office's handling of these matters, we have to win back people's confidence in our capacity to deal with them. I hope that, when he considers those failures, he will set them side by side with our successes, and acknowledge that both have to keep moving forward in a strongly positive direction.

Mr. Michael Howard (Folkestone and Hythe) (Con): The Home Secretary will be aware that the language that he has used about the removal of these prisoners was very different from the language used by the Prime Minister just a few minutes earlier from the same Dispatch Box. The Prime Minister said that these criminals would "automatically" be deported. The Home Secretary says that they can expect to be deported unless there are circumstances that would make it inappropriate to do so. Will the Home Secretary now acknowledge that what the Prime Minister said was wrong, and that the Prime Minister was, as usual, using language that he thought would make an effective soundbite, but which was a considerable distance away from the truth?

Mr. Clarke: No, I will not. I do not believe that there was the distinction in language that the right hon. and learned Gentleman has made. If we are being candid about these matters, we should look back to the time during the previous Conservative Government, before he was Home Secretary, when the noble Lord Ferrers said in answer to a question that, of a total sentenced population of 34,000 in December 1991, about 2,600 were known to be foreign nationals, and that the nationality of a further 5,900—a fifth of the prison population—was not recorded. That was the state of affairs that we had to deal with, and it is what we are now putting right.

Kali Mountford (Colne Valley) (Lab): On the subject of soundbites, will my right hon. Friend guard against

[Kali Mountford]

the soundbites—the murmurings about meltdown—that I have heard from Opposition Members? Will he also guard against calls for action from a party that, while it was in power, took no action whatever, collected no figures and cut 2,000 Home Office jobs? I congratulate my right hon. Friend on his announcement today. When he is considering what the House should do next about this problem, will he balance the need to protect our constituents from those who wish them harm against ensuring that the people who come here to make a proper contribution to our economy and our culture still feel welcome to do so?

Mr. Clarke: My hon. Friend is absolutely right. I am particularly glad that she made reference in the final part of her question to the need to strengthen the cohesion of communities in this country. That is an important and genuine requirement to consider as we balance the issues that are being debated today. I can assure her that the cohesion of communities up and down the country, including her constituency, will be a central consideration for me as we take forward the legislation.

Pete Wishart (Perth and North Perthshire) (SNP): Following last week's statement, the Home Secretary was kind enough to write to tell me that one of the 79 most dangerous foreign nationals was resident in Scotland. Can he tell me how many of the 1,023 are currently in Scotland? What possible excuse can he give for not notifying the Scottish Executive, the Scottish Prison Service and Scottish police forces when he knew about the difficulties in his Department? Why did he not tell them in time so that something could have been done to ensure that Scottish communities were safer and more secure?

Mr. Clarke: As I said in my statement, I am not in a position to give full information about the 1,000 at this stage. I will do so when I can. On the hon. Gentleman's other question, I dealt with that in the answer that I sent to him, and I will continue to work closely with the Scottish Executive and others to ensure that we bring those matters under control.

Mr. Terry Rooney (Bradford, North) (Lab): My right hon. Friend has referred to WPC Sharon Beshenivsky. What checks are made by the Prison Service and the immigration and nationality directorate on prisoners' claimed nationality? Where removal is not possible, is administrative detention ever considered? What conditions, such as tagging, are applied on release to people who cannot be deported?

Mr. Clarke: On the hon. Gentleman's second point, yes, we deal with administrative detention. On his third point about tagging, we are looking to extend the ability to use that. As I said to the former Leader of the Opposition, the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), there are serious issues about our legal powers in those circumstances, which is why I called for further consideration. On his first point, he puts his finger on a critical difficulty in this procedure. Many people come into this country having destroyed all their documents and make fraudulent and untrue claims about their nationality. In those cases, it is often extremely difficult to identify the genuine nationality of those concerned. If we do not know which country individuals come from, it is extremely difficult to know where to deport them to. That is a major issue in immigration, and we have done tremendous work in developing the e-borders regime, which tries to identify people more effectively before they enter this country. I will be candid with my hon. Friend, however, that that also raises serious questions, because there are people whose nationality cannot be identified at the outset, which is one of the serious problems that we have had in providing the data that the Public Accounts Committee and the House would wish for.

Mr. Richard Bacon (South Norfolk) (Con): When the Home Secretary wrote to you last Friday, Mr. Speaker, he said that 79 of the prisoners were originally in prison for more serious offences and 13 had committed the most serious offences, by which he meant murder, manslaughter, rape and child sexual offences. If we look at his letter to the PAC last Tuesday, however, we see that three had been in prison for murder, two for manslaughter, nine for rape and five for sexual offences involving minors, making a total of 19, not 13. Can the Home Secretary clear that up? Was he being inaccurate on Tuesday or on Friday, or is there some other explanation? Can he explain—

Mr. Speaker: Order. One supplementary is fine.

Mr. Clarke: I will write to the hon. Gentleman and the PAC about his specific question about the relationship between the issues. As he says, however, it is true that the definitions in each of the cases have not always been entirely straightforward. That is why the situation has arisen with the numbers. The best way to deal with that is to write to him and the PAC.

Mr. Chris Mullin (Sunderland, South) (Lab): Will my right hon. Friend confirm that because Somalia has entirely disintegrated it has not been possible for many years, including when the Conservatives were in office, to deport anyone to that country, short of taking them up in an aeroplane over Mogadishu and dropping them out with a parachute? Does he therefore agree that it is entirely fanciful—indeed, hypocritical—for Conservative Members and their friends in the media to pretend otherwise?

Mr. Clarke: My hon. Friend is correct. That has been more of a difficulty with that country than with just about any other country in the world. It is possible to imagine voluntary return in certain circumstances, which has been achieved in a small number of cases. More generally, however, it has not been possible to proceed for precisely the reasons that he gives.

Philip Davies (Shipley) (Con): Following the points raised by the hon. Members for Keighley (Mrs. Cryer), for Bradford, West (Mr. Singh) and for Bradford, North (Mr. Rooney), will the Home Secretary take the opportunity to apologise to the family of WPC Beshenivsky and the people of Bradford for the fact that the main suspect in her murder was allowed to wander the streets when he should have been deported? Will he

answer the question that many people in Bradford are asking at the moment: why do he and this Government give more credence to the human rights of foreign criminals than to those of police officers and the general public in this country?

Mr. Clarke: I do not have anything to add to what I have said previously to MPs from that locality.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): I also welcome the announcement from my right hon. Friend. Many constituents have asked me in recent weeks why foreign nationals who have committed offences and effectively outstayed their welcome by their actions have not been automatically deported. On the serious matter of the countries to which, for whatever reason, people cannot be deported, will he consider issuing a list making public the countries to which it is difficult to deport people? When people finish their sentences, what are we doing to make sure that they are detained? Finally—

Mr. Speaker: Order. I tell the hon. Gentleman and other Members that one supplementary is fine. I think that he managed two, but one is fine.

Mr. Clarke: I certainly will consider my hon. Friend's proposals. Let me highlight one problem: in the case of Zimbabwe, which has many difficulties, the Government are subject to consistent calls, including from the Opposition, not to deport anyone to that country in any circumstances. We are also under a duty to examine the circumstances of the individuals concerned and the threat that they face. My hon. Friend illustrates the serious issue at the core of how we deal with those questions. All that I ask for is consistency from Opposition parties in addressing those questions, rather than one day saying, "What about the rights of asylum seekers?" and the next day saying that they cannot be allowed into the country.

Mr. Humfrey Malins (Woking) (Con): Is it not the case that a foreign prisoner due to be deported still retains a right to make a claim to stay under the Human Rights Act 1998? If that is the case, what will happen to that foreign prisoner making a claim under that Act during the course of proceedings? Will he or she be on bail or in custody, and under which provision?

Mr. Clarke: Actually, that is the position with regard to such a prisoner's human rights under the European convention on human rights rather than specifically under the Human Rights Act. Any individual might or might not have a claim under the European convention on human rights, which I think, from memory, this country signed up to in 1951. That claim has to be duly considered by the courts, whether the person concerned is on bail or in prison, in whatever circumstances apply. The issue that I raise—I do not know whether the hon. Gentleman, with his great legal experience, will agree—is that we must be more ruthless about examining the actual circumstances of such people. That is why I say that we should have a presumption that someone who has committed a criminal act should be deported to the country from which they come.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): I welcome my right hon. Friend's proposals to deal with the systemic failures that he has honestly put before the House today. Will he assure me, however, that he will take no strictures from the former Home Secretary, the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), whose woeful personal misjudgment allowed two of the biggest drug dealers in the United Kingdom out of prison?

Mr. Clarke: I certainly will not take strictures from the former Home Secretary, whom I regard as the one person in the House who is not equipped to make comment on these issues. I will not comment on the allegations made by my hon. Friend, although I am aware of them and understand the force with which he makes them.

David Howarth (Cambridge) (LD): Can the Home Secretary say how many of the 1,023 cases would have resulted in deportations had the new legislation that he proposes been in place?

Mr. Clarke: No, I cannot.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I thank my right hon. Friend for his statement and welcome his proposals. Given that this whole sorry outcome is the result of systemic failures in the Home Office going back to the 1990s, can he tell me how many foreign nationals who either have been deported or are being considered for deportation are repeat offenders whose original offences were carried out prior to this Government's introduction of measures to identify and record the number of foreign nationals in prison?

Mr. Clarke: I cannot give my hon. Friend the number to which he refers, but I can say that he is right: there are individuals who go back over a long period in precisely the way that he describes.

Dr. Julian Lewis: To his credit, the Home Secretary tried to deport several very dangerous suspected al-Qaeda organisers, only to run up against the human rights legislation that had been signed up to or enacted by his Government. It is clear from his statement today that the same would happen in relation to people claiming asylum from countries with repressive regimes. Did the Home Secretary discuss that issue with the Prime Minister before the Prime Minister came to the House today? If he did, how was it possible for the Prime Minister to say that these people would automatically be deported under the new rules, when he—the Home Secretary—has made it perfectly clear that they could not be?

Mr. Clarke: I have already dealt with the substance of the question, but let me make a specific point. Yes, I have frequently discussed with the Prime Minister the question of the operation of the European convention on human rights, and the fact that it impacts in a number of different ways. As far as I know, the Opposition still believe that we should be signed up to the convention, but if I am wrong about that, I should be interested to hear it.

Michael Fabricant (Lichfield) (Con): Get on with it!

Mr. Clarke: I am getting on with it, and I am trying to do so in such a way that even the hon. Gentleman may be able to understand.

Michael Fabricant: Patronising!

Mr. Clarke: Yes, I am patronising.

The fact is that that issue remains a central one, at the core of the whole discussion. I appeal to the right hon. Member for Haltemprice and Howden (David Davis) and the spokespeople for the other Opposition parties to address the matter honestly in that discussion, on the basis of the presumption that criminals should be deported.

Points of Order

1.31 pm

Mrs. Madeleine Moon (Bridgend) (Lab): On a point of order, Mr. Speaker. As a new Member, may I ask for your guidance on whether the usual courtesies should have applied when the hon. Member for Chesham and Amersham (Mrs. Gillan) visited my constituency recently? I saw plenty of press coverage of her visit to Wales's premier seaside resort, but found no notification to my office, either here or in my constituency, that the visit was about to take place. Do such conventions still apply, and should they have applied in my case?

Several hon. Members *rose—*

Mr. Speaker: Order. Let me answer.

I do not want to become involved in any arguments between Members on these matters, but the convention does apply. What an hon. Member must do is notify the constituency Member. I stress the word "notify": the person concerned does not need permission to enter the constituency.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): Further to that point of order, Mr. Speaker. It may please you to know that there are standing orders in my office to inform hon. Members when I visit their constituencies. In this instance I made an inquiry, and found that both a letter and an e-mail had been sent to the hon. Member for Bridgend (Mrs. Moon). I apologise if neither reached her. I shall make inquiries of our locator system in the House, which is run by whereonearth.com—because I want to know where on earth my message went. I do apologise.

Mr. Speaker: There is an apology, then.

Stephen Pound (Ealing, North) (Lab): On a point of order, Mr. Speaker. I was surprised to read in column 835 of *Hansard* for 2 May that an hon. Lady—and she is a lady of honour: the hon. Member for Bromsgrove (Miss Kirkbride)—had named me personally, and stated in the House that I was demanding the resignation of a senior Cabinet Minister. What corrective avenues, Mr. Speaker, are open to a Member who is able categorically and unequivocally to deny having made any such statement and would not make any such statement, before further damage to fraternal relations with senior colleagues and to my personal career prospects—which, admittedly, were fairly slim to start with?

Mr. Speaker: The hon. Gentleman has put the record straight, and perhaps next time he appears on Sky television he will be able to do so again.

Mr. John Hayes (South Holland and The Deepings) (Con): On a point of order, Mr. Speaker. I fear that Members may have been inadvertently misled about the Home Secretary's offer to resign. Speaking of an exchange with the Prime Minister, the Home Secretary said:

"I told him I was prepared to resign if he thought it was right. He said he didn't think it was right."

Subsequently, we have been told that the Home Secretary did not offer to resign. I wonder what avenue I can explore as a Member of Parliament to ensure that hon. Members are fully informed on this matter in what I think you will agree, Mr. Speaker, is a national crisis over prisoner releases.

Mr. Speaker: The best thing to do is not to draw the Speaker into such arguments.

Neighbourhood Policing

1.34 pm

Mr. Andrew Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I beg to move,

That leave be given to bring in a Bill to require police services to include proposals to introduce and sustain neighbourhood policing as a provision of their policing plans; and for connected purposes.

Let me say immediately that if police services in England and Wales continue to respond positively to the Government's agenda on neighbourhood policing, my Bill will only gather dust. Most if not all forces have responded with professionalism and enthusiasm to the aims set out in a string of White Papers and Government Bills since 1997.

I shall largely confine my remarks to the Metropolitan area, which I believe has led the way in neighbourhood policing. Both the current commissioner and the Mayor deserve praise for not only supporting but implementing the provision of safer neighbourhood teams across London, which Sir Ian Blair has called

"the greatest development in community policing in the last 40 years".

While both Sir Ian and Mr. Livingstone are uncontroversial characters who will no doubt stay in their respective posts for many years to come, should they for any reason move on, I would like to think that their legacy in community policing will be preserved. I also hope that the many local initiatives—not just in London—that are improving community safety can be introduced nationwide to continue the Government's exemplary record in cutting crime and antisocial behaviour. Those are the objects of my Bill.

The purpose of this speech is not to rehearse the details of the statutory framework that already exists or to recite a welter of statistics, but to show how neighbourhood policing is already working on the ground. That said, I feel it is worth reminding the House that without the consistent commitment shown by the Government since 1997, neither the powers nor the funding for neighbourhood policing would exist. The Crime and Disorder Act 1998 introduced crime and disorder reduction partnerships and formal co-operation between the police and local authorities to reduce crime. The Police Reform Act 2002 provided for community support officers, who are now an essential ingredient of safer neighbourhood teams and who will number 24,000 by 2008. The White Paper "Building Communities, Beating Crime", published in November 2004, promised to spread neighbourhood policing to every community, and to involve those communities in how they were policed. In January this year, the respect action plan further promoted the use of antisocial behaviour orders, dispersal orders and closure orders to attack antisocial behaviour. Many of those measures are being brought together and extended in the Police and Justice Bill, which is currently before the House.

Recorded crime, as measured by the British crime survey, has fallen consistently since 1997. Both London boroughs crossed by my constituency have experienced significant falls in crime, and Hammersmith and Fulham has experienced the sharpest fall in London. The Government's aim is to see a further reduction in recorded crime of 15 per cent. between 2004 and 2008—a higher

[Mr. Andrew Slaughter]

percentage in London—and to reduce the fear of crime through the national reassurance policing programme. Neighbourhood policing is key to both those targets.

The decision of the Mayor of London and the Metropolitan Police Authority, chaired by Len Duvall, to accelerate by two years the introduction of safer neighbourhood teams in all 624 wards in London presents a major logistical task. The police service in London has risen to that challenge and ensured that every ward has at least a four-person team: a sergeant, a police constable and two police community support officers. A further police constable and community support officer will be added by the end of the year.

Safer neighbourhood teams are dedicated to the wards to which they are assigned. They provide residents with a continuous and familiar uniformed presence, and they get to know their patch intimately, not only deterring crime but accumulating intelligence about both the area and its inhabitants. That is hardly revolutionary—indeed, it is what my constituents have been requesting for many years—but it is something that previous Governments and police authorities have declined to provide.

I pay particular tribute to Ealing and Hammersmith and Fulham, where both the police commanders and the council leaderships have gone beyond what is required in introducing neighbourhood policing. In Hammersmith, the Labour council voted funds of £1 million a year to fast-track safer neighbourhood teams, introducing full-strength teams in most wards three years ahead of plans. In Ealing the borough commander, Colette Paul, was able to launch safer neighbourhood teams in all 23 wards on 3 April this year, having planned for their introduction in advance of any London roll-out.

But community policing in those boroughs goes far beyond the additional police resources. As leader of Hammersmith and Fulham council, I had the privilege of working with three outstanding police commanders: Dick Cullen, who went on to run Hendon, Anthony Wills, who has become a national champion in the fight against domestic violence, and the present incumbent, Heather Valentine. They have worked hand in glove with both the statutory sector and the community to build trust and reduce crime. For those who remember the atmosphere of mutual suspicion and hostility that afflicted many police and local authority relationships in the 1980s, that is a sea change. Nowhere was that more apparent than in the aftermath of the London bombings last July. The work done by both the Hammersmith and the Ealing police forces to reassure and enlist the support of the whole community, especially in the wake of the attempted bombing at Shepherds Bush, was exemplary.

Both boroughs have taken enthusiastically to partnership working. That often involves teams of police, community support officers and council staff descending on an area to deal with everything from crack houses and street robbery to graffiti, dog fouling and fly-tipping. They also plant trees, give advice to the homeless and, quite possibly, tell people the time. How different that is from the days of the special patrol group.

Both boroughs have introduced the community payback scheme, using offenders to make reparation and environmental improvements in their community. Earlier this year, I attended the launch of the Safer Neighbourhood Annual Challenge at Hurlingham and Chelsea school. Next Monday is the awards ceremony, when children from Hammersmith and Fulham schools will explain their schemes for improving safety in their neighbourhoods.

However, what my constituents most want to know is whether community policing actually cuts crime and the fear of crime. The first indications suggest that the answer is an emphatic yes. All crime, but specifically opportunist crime such as criminal damage, fell significantly more in wards where safer neighbourhood teams were operating last year. There, public confidence in the police rose by 12 per cent. more than was the case in non-SNT wards, complaints of antisocial behaviour fell by 7 per cent. more, sightings of police officers rose by 11 per cent. more, and the belief that the police were taking public concerns seriously by 8 per cent. more.

Those are significant achievements in a very short time. We are only at the start of a policing revolution, in which public trust and the engagement of the whole community are the keys to a safer society.

I appear to be talking myself out of my own Bill. The commitment of many councils and police services is such that I see neighbourhood policing going from strength to strength without the need for legislation, but there is always a cloud on the horizon. In this case, it is in the shape of the Tory and Liberal parties, whose assembly members in London turned their faces against the improvements in neighbourhood policing proposed by the Mayor and Labour group. Overwhelmingly, it is the Labour Government and Labour councils who have provided the resources and commitment to neighbourhood policing.

I commend my Bill as an insurance policy to protect neighbourhood policing for the future. Of course, if residents in Hammersmith and Fulham and in Ealing, as well as in the rest of London and beyond, wish to take out their own insurance that policing will continue to thrive and improve in the years to come, the remedy is in their hands—they have but to vote for their Labour candidates tomorrow.

Question put and agreed to.

Bill ordered to be brought in by Mr. Andrew Slaughter, Lyn Brown, Jon Cruddas, Ms Karen Buck, Stephen Pound, Mr. Andrew Love, Mike Gapes, Meg Hillier, Mr. Andrew Dismore, Dr. Rudi Vis, Harry Cohen and Ann Keen.

NEIGHBOURHOOD POLICING

Mr. Andrew Slaughter accordingly presented a Bill to require police services to include proposals to introduce and sustain neighbourhood policing as a provision of their policing plans; and for connected purposes.: And the same was read the First time; and ordered to be read a Second time on Friday 16 June, and to be printed [Bill 177].

Orders of the Day

Finance (No. 2) Bill

(Clauses Nos. 13 to 15, 26, 61, 91 and 106, Schedule 14, and new Clauses relating to the effect of provisions of the Bill on section 18 of the Inheritance Tax Act 1984)

Considered in Committee [Progress, 2 May].

[SIR ALAN HASELHURST *in the Chair*]

Clause 91 ordered to stand part of the Bill.

Schedule 14

INVESTMENT RELIEFS: VENTURE CAPITAL SCHEMES

1.44 pm

Mr. Mark Hoban (Fareham) (Con): I beg to move amendment No. 6, in page 74 [Vol II], leave out lines 5 to 26.

The Chairman of Ways and Means (Sir Alan Haselhurst): With this, it will be convenient to discuss the following amendments: No. 7, in page 74 [Vol II], leave out from beginning of line 27 to end of line 4 on page 75.

No. 8, in page 75 [Vol II], leave out lines 5 to 18.

No. 9, in page 75, line 18 [Vol II], at end insert—

PART 1A

DEFINITION OF GROSS ASSETS

3A In section 293 of The Taxes Act 1988 insert new subsection—

"(6CA) For the purposes of subsection (6B) above assets of any member of the company's group that consist of capitalised internal costs of the company relating to research and development expenditure shall be disregarded.".

3B In paragraph 8 of Schedule 28B to The Taxes Act 1988 insert new sub-paragraph—

"(3A) For the purposes of this paragraph assets of any member of the company's group that consist of capitalised internal costs of the company relating to research and development expenditure shall be disregarded.".

3C In paragraph 22(3) of Schedule 15 to FA 2000, at end add "and disregarding assets that consist of capitalised internal costs of the company relating to research and development expenditure".'.

No. 13, in schedule 14, page 77, line 3 [Vol II], at end add—

'(3) Sub-paragraph (1) shall not apply to protected money as defined in paragraph 2(4) of this Schedule.'.

1.45 pm

Mr. Hoban: The first four amendments in this group deal with issues to do with the gross assets of investee companies. Those matters come into sharp focus as a consequence of the proposed reduction in the gross assets limit for venture capital trust investments. The final amendment in the group deals with changes announced in the Budget to the treatment of the VCT's own assets.

One of the most significant changes to the rules applicable to VCTs and enterprise investment schemes is the Bill's proposed reduction in gross asset limits, and amendments Nos. 6, 7 and 8 would reinstate the limits that apply under the current legislation. The current rules state that gross assets should be equal to, or less than, £15 million prior to fundraising and £16 million after fundraising. That allows the very largest qualifying companies to raise £1 million.

The proposed changes will reduce the gross assets limit so that a company will have no more than £7 million in gross assets prior to fundraising and no more than £8 million afterwards. The effect will be to reduce the amount that certain companies are able to raise. At present, a company with gross assets of £6 million is able to raise an additional £10 million through fundraising, but in future it will be able to raise only about £2 million. I am concerned about the effect on the operation of VCTs, and about the nature of the companies in which they can invest.

If a VCT invests now in a company whose gross assets before investment comply with the new rules proposed in the Bill, its ability to make a follow-on investment will be restricted. Under the current rules, however, the VCT can make further investment in the company until the £15 million asset limit is reached.

My experience before I came to the House was that early investors can find that their holdings and interest are diluted by people who come in later. It is often in their interest to make follow-on investments to maintain the size of their interest in the company. Reducing the gross assets limit from £15 million will restrict VCTs' ability to do that if the company hits the proposed new £7 million limit.

Secondly, the proposed reduction in the gross assets limit is that it could change the asset base that VCTs and the Enterprise Investment Scheme can invest in. The focus will be on smaller, and therefore arguably more risky, companies.

The lower gross asset limit proposed by the Government will focus more finance on the companies in the funding gap identified in the Treasury publication entitled "Bridging the Gap", but there is a feeling that some slightly larger companies will still find it difficult to attract investment. The proposed reduction in the gross assets limit will exclude them from this source of investment, with the possible unintended consequence that the funding gap is moved further up—that is, that the needs of smaller companies will be met, but that slightly larger companies will lose out.

The reduction in the gross assets limit could also change the type of businesses that VCTs invest in. Simon Rogerson of Octopus Asset Management has said:

"Managers will steer clear of asset rich UK manufacturing companies, focusing on asset poor service companies."

When manufacturing is suffering from overseas competition and business investment is at a record low in real terms, is it right to exclude those businesses from the opportunities that VCTs present?

It is not just manufacturing businesses that are asset rich. Last week, I visited a firm in my constituency that acts as a data centre for businesses, housing the servers that they need to power and maintain their websites. It is a relatively small business with about 30 employees but the cost of its data centre, including plant, cooling and some security measures, is extremely high relative to its turnover and its employee numbers.

[Mr. Hoban]

We must recognise that even a relatively small service business can be asset intensive and fall outside the limits set out in the Bill. Is it right that asset-intensive businesses are squeezed out of such funding? The Minister will argue that the problem would exist at whatever level the gross assets limit is set, and that is true. In a way, it is a crude proxy for company size, but the reduction in the gross assets limit from £15 million to £7 million makes the problem all the more evident. As asset levels fall, it is likely that more businesses will find funding through VCTs difficult to access.

I should be grateful if the Minister would explain the basis on which the new lower gross assets figures were determined and say what steps he will take to monitor the flow of funds into VCTs and the EIS and the nature of the companies in which those funds are invested to ensure that the reduction does not adversely affect companies seeking funds. Will he also ensure that the measure does not simply lead to the funding gap moving up from companies with assets of less than £15 million to companies that previously would have benefited from funding through VCT schemes?

Mr. Brooks Newmark (Braintree) (Con): Does my hon. Friend recognise that moving to lower asset values and smaller companies will mean a much greater inherent risk to those investing in such companies?

Mr. Hoban: My hon. Friend is absolutely right. When companies have lower asset values there is an increase in the level of risk, which will prompt investors to consider the risk-return ratio and think about whether their likely returns from VCTs in the future are sufficient to warrant that investment being made. The Government need to monitor that carefully to ensure that having turned the tap on in VCT funding by increasing the tax relief, a matter to which I will return in later amendments, the consequential changes in the Bill of reducing that relief, increasing the holding period and reducing the gross assets limit, will make VCTs less attractive to investors, thus depriving smaller businesses of the funds that they need to expand and grow. My hon. Friend was quite right to highlight the importance of risk and its role in assessing these investments, and the relationship between small businesses and risk.

Amendment No. 9 relates to the definition of gross assets that is set out in the Income and Corporation Taxes Act 1988. The amendment revisits that definition, taking into account changes in accounting practice that might have an adverse effect on companies' ability to access funds from VCTs in the future. It is, I regret, a highly technical amendment relating to the definition of gross assets of an investee company. Under UK generally accepted accounting practice, companies were given a choice with regard to the capitalisation of development expenditure: they could capitalise it or expense it. The rules setting out the basis on which that could take place were set out in the standard statement of accounting practice—SSAP 13—"Accounting for Research and Development".

The permissive nature of SSAP 13 in giving companies that choice, together with the wide application of the prudence concept, generally resulted in businesses writing off development expenditure in their profit-and-loss account. For companies seeking investment from VCTs, and through the EIS, that was good news, because there was no addition to their gross asset figures.

However, although UK accounting standards remain in place for unlisted companies, listed companies are adopting international financial reporting standards and one of the differences between UK and international standards is the treatment of development costs. Under international standards, development costs can be capitalised if they meet one of the following six criteria: the technical feasibility of the project; the intention to complete the intangible asset for use or sale; the ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits; the adequacy of the resources for completion; and the ability to measure reliably the development expenditure.

The criteria are broadly similar to those used under SSAP 13 and are designed to ensure that only costs clearly identifiable as relating to a project that will be completed, which the company can afford to complete and which will yield financial benefits will be capitalised. In essence, they ensure that only costs that can lead to a realisable asset will be capitalised. If international financial standards matched SSAP 13 in their entirety, there would be no issue, as a company would be unlikely to capitalise those costs. However, there is a vital difference from SSAP 13: the relevant international standard states that where the six criteria are met, the costs should—I emphasise the word "should"—be capitalised.

So where is the issue for VCTs and investee companies? Capitalised development costs will count towards the gross assets test. That is increasingly important for two reasons: first, the lower gross assets test will bite, and secondly, although the Treasury might argue that IFRS apply only to listed companies and are thus unlikely to become an issue for unlisted companies, in reality I suspect that companies will increasingly adopt IFRS as a basis for reporting. That will be of particular interest to companies who may want an exit route through a listing in the future and may want to implement IFRS from the outset rather than restate their accounts at a later date. Having worked on such exercises in the past, I should prefer to start off with the basis on which I intend to report my results, rather than changing it partway through. If nothing else, it would save on the fees businesses pay to organisations such as my former firm.

In practice, the adoption of IFRS is likely to mean that more development expenditure will be capitalised than under UK GAAP. Coupled with the reduction in gross asset rules, that could lead to fewer companies in need of capital qualifying for investment under VCT rules. As my hon. Friend the Member for Braintree (Mr. Newmark) suggested, there could be a double effect: first, there will be a change in accounting standards and, secondly, the lower gross asset figure will bite at much smaller companies. The changes will have an impact, in particular, on the software and pharmaceutical industries, many of which seek VCT investment.

We believe that the decision to transfer to accounting under IFRS should not be hampered by the need to consider that potentially extremely significant adverse

impact. I would be grateful for the Financial Secretary's thoughts on what is very much a probing amendment at this stage.

Amendment No. 13 covers the way in which VCTs manage their assets. Again, it is a technical amendment, which highlights the concerns of a number of VCT managers and their advisers. One of the challenges that faces a VCT is how to manage its investments and any cash balances, while ensuring that once the initial investment period is over it complies with the rule that 70 per cent. of its investments are in qualifying investments—that is, investments in unlisted companies. Changes under the Finance Bill have an impact on the way that VCT managers can manage the affairs of their trusts. Historically, a VCT could place cash in non-interest-bearing accounts as a short-term measure to try to meet the 70 per cent. rule.

Let me give an example to explain more clearly. A venture capital trust with investments of £10 million fully invested in unlisted companies would meet the criteria as 100 per cent. of its investments are in qualifying companies. A VCT could, for commercial reasons, decide to realise an investment of £4 million. If it put the cash in an interest-bearing account, it would have investments of £10 million but qualifying investments of only £6 million. Therefore, it would fail the 70 per cent. test. Under current rules, the VCT would be able to place the £4 million in a non-interest-bearing account and achieve the 70 per cent. rule by having £6 million in investments and £6 million in qualifying investments. It could then act to return that cash to its shareholders or make a further investment in another company without losing its qualifying status, because it would not be in breach of the 70 per cent. rule.

2 pm

There are strong reasons why VCTs would seek to use the cash as soon as possible. Investors focus on returns and if one invests the realised proceeds in a non-interest-bearing account, that is not very good for the overall return of the VCT. There is an opportunity under the existing rules to manage the VCT more smoothly, but there is also commercial pressure to ensure that the assets are used as quickly as possible and in a way that does not disturb the orderly management of the VCT.

Under the rules in the Bill, that opportunity would no longer be available to VCTs and the concerns of managers have fallen into two categories. Those in the first group say that they would rather the rules were not changed at all. They would make it easier for all VCTs to handle non-interest-bearing deposits and to put cash into them to ensure that the 70 per cent. rule applies. Those in the other group suggest that the rule should not apply to VCTs that have already been set up. Managers might have taken different decisions if they had known that the relief was to be removed from the VCT. Under amendment No. 13, when a VCT has raised money before 6 April 2006, the money could still be placed in non-interest-bearing deposits and fall outside the definition of investments to ensure that it would be easier for VCTs to meet the 70 per cent. rule while bearing in mind that there will still be the commercial pressure to ensure that the money is returned to shareholders or reinvested as soon as possible.

. In conclusion, amendments No. 6, 7 and 8 seek to elicit from the Government their reasoning for reducing the gross asset test and to establish whether they have fully thought through the impact of that on the potential investments of VCTs. Amendment No. 9 seeks to change the definition of gross assets to reflect changing accounting treatment and to find a way in which the reduction of gross asset test could be mitigated to the benefit of certain companies that invest in, and spend a great deal of money on, development. Amendment No. 13 seeks to make it easier for VCTs to manage their own assets in an ordered way rather than having to act precipitately when a realisation is made.

Mr. Newmark: I begin by drawing attention to my entry in the Register of Members' Interests. Although I have never invested in a venture capital trust, I have, over the past 15 years, been both a venture capitalist and an angel investor. I hope that I can bring some of my practical experience to bear on this debate, especially in the context of amendments Nos. 6, 7 and 8. I will not address amendments Nos. 9 and 13, because my hon. Friend the Member for Fareham (Mr. Hoban) thoroughly covered those issues.

Yesterday, we established that one of the themes of this year's Finance Bill is the Government's ongoing attempt to fix things that are not broken and to fudge those that are. The Bill's treatment of venture capital trusts is no exception to that trend. VCTs have clearly demonstrated that they are performing well in the market and seem to vindicate the Government's attempt to address the "equity gap" through targeted market intervention.

We need look only as far as the figures given on the website of Her Majesty's Revenue and Customs for the total investment in VCTs. After a peak in 2000–01 of £450 million, investment plummeted to only £70 million in each of the years 2002–03 and 2003–04. That was the situation facing VCTs at the time that the Finance Act 2004 implemented the new income tax relief scheme. In the following year, investment reached £520 million and has surpassed £700 million in the last financial year.

When the Treasury Committee conducted its inquiry into the success of the incentives it heard that

"there is very clear evidence"

that the incentives had reversed "a dramatic decline" in VCT investment, and had led to a

"significant uplift in the amount of capital that VCTs have been able to raise."

The Government should be congratulated on that; it is beyond dispute. However, I do dispute that the reduction in the gross asset value of companies eligible for VCT investment is the appropriate way to refocus tax incentives on the equity gap.

Not only are the Government moving in the wrong direction on this issue, but they are moving in two directions at once. Part 1 of schedule 14 will alter the level of risk that VCT investors are exposed to by targeting VCT investment in smaller companies. That is the Government's stated aim. However, part 2 of schedule 14 cuts the incentives that investors will receive. The two parts must be considered together because if any of part 1 remains in the Bill, it will have a knock-on effect on the need for the incentives offered in part 2 of the schedule.

[Mr. Newmark]

As one industry analyst has said, the Government's proposal

"has changed the risk and reward profile of VCTs significantly".

Another comments that the change

"appreciably alters the risk-reward profile of private-equity investment by personal taxpayers."

Since bad news comes in threes, let me offer one further comment:

"The reduction to company size greatly increases the level of investment risk. Smaller companies are normally, by their nature, more risky."

That is the point that I made to my hon. Friend the Member for Fareham. That problem has long been foreseen.

In 2003, the Treasury conducted its own analysis of the likely consequences of tinkering with the balance between risks and return. It concluded:

"If there were clear evidence that this would reduce the attractiveness of investment in VCTs, there might be a case for enhancing tax reliefs at the same time as tightening the scheme's focus."

Reducing the gross asset value of eligible companies was always considered to be an alternative to altering the structure of incentives.

Three years later, the Treasury is determined to pursue contradictory objectives by increasing risks and cutting incentives at the same time. The position is simply not sustainable. Instead of fundamentally altering the balance between risk and return, the Government should be ensuring greater investor protection. Bearing in mind that there are already a healthy number of business angels available to provide seed capital for high-risk start-ups, I question whether it is appropriate to encourage individual investors into higher beta investments in companies with a gross asset value under the proposed new limit.

This concern is growing in currency. In November, the chief executive of the Financial Services Authority told the Treasury Committee that, despite having issued warnings to investors and VCT providers, the FSA

"need to be perhaps a little smarter on how we convert the data we put on our website into the information that goes into the hands of the population."

The Government have a responsibility to keep a grip on the balance between the risks and rewards offered by VCTs. Changing both sides of that equation at the same time is imprudent.

Nevertheless, I recognise that there has been some justified concern that VCTs are not operating in the way that was intended when they were set up 10 years ago. Foremost among those concerns is the one about the practice of parallel investment, in which two or more VCTs under the same management act together to invest beyond the £1 million investment limit imposed on each separate VCT. As Lucius Cary, the founder of Oxford Technology VCTs, has said, although that behaviour

"may be technically legal, it is pushing the boundaries and undermining the original objectives of the legislation."

Clearly, VCTs clubbing together to take part in larger management buy-outs is a problem, but it is a problem that was foreseen. The Treasury's report into the equity gap, which dated from before the changes included in the Finance Act 2004, examined the issue of regulating concert parties in order to assist early-stage investment. The report suggested that

"the scheme rules could place restrictions on VCTs forming part of an investment syndicate that collectively invests beyond the £1 million upper investment limit."

If the Government remain concerned by parallel investment, Ministers should confront the issue head-on and not seek to address it by the roundabout route of restricting the gross asset value of eligible companies.

I want to return to my substantive objections to the changes proposed in part 1 of schedule 14 and to my reasons for arguing that they should not stand part of the Bill. Based on my experience as a practitioner, I believe that restricting the gross asset value of eligible companies to £7 million before investment and £8 million immediately afterwards does not focus on the real equity gap. If anything, the limits have been moved in the wrong direction and the probing amendments tabled by my hon. Friend the Member for Fareham are modest in seeking to preserve them at the current level.

There are an abundance of business angels who are capable of providing seed capital—that is generally provided for companies with gross asset values of £1 million to £3 million—to kick-start small businesses. The real difficulty that businesses continue to face is in accessing second-round financing. That is the issue. Many individuals who came to me when I was in the business before I came into the House would complain that there was a lack of access to capital once companies got above roughly £5 million. We should address that gap between £5 million and £25 million.

Further restriction of the gross asset value of eligible companies would be retrograde. I appreciate that this is not part of the amendment, but we should be looking to raise the limit to £25 million instead of slashing it. Recently, in another place, Lord MacGregor of Pulham Market said of the existing gross asset value limit:

"There is clear evidence that it is companies above that level which need the venture capital investment. The limit has not . . . been indexed, and it needs to be looked at again."—[*Official Report, House of Lords*, 16 March 2006; Vol. 679, c. 1410–11.]

The Government have indeed looked at the matter again, and drawn the wrong conclusions again. That is a judgment based on my experience in the industry. The change in gross asset value in schedule 14 is too sudden and significant to be undertaken without greater industry consultation and I urge the Government to reconsider their decision.

Mr. Colin Breed (South-East Cornwall) (LD): The Liberal Democrats and the House as a whole have to recognise that the private equity market in the City has been one of the great successes in recent years. It now provides more than 50 per cent. of all private equity in Europe; perhaps it is second only to the US in the

provision of that capital. The Government have played a part in that by providing the legislative and taxation framework and a business-friendly environment in which that could happen.

It therefore seems rather strange that we should be restraining that very success with the proposals in the schedule. I suspect that tax breaks have been the driving force. The hon. Member for Braintree (Mr. Newmark) successfully pointed out that, only a few years ago when things were going into a decline, the change was made and more money was put in. Perhaps it is the very success—now building up to more than £700 million or £800 million—that is causing the Treasury to become rather frightened at the prospect of the amount of tax relief that it is going to allow.

2.15 pm

Rob Marris (Wolverhampton, South-West) (Lab): According to my understanding of the matter, the hon. Member for South-East Cornwall (Mr. Breed) is making exactly the same mistake as the hon. Member for Braintree (Mr. Newmark). The hon. Member for South-East Cornwall is talking about the capital limit, which is of course the subject of the amendments. But when he is talking about the restriction of relief, he seem to be overlooking that the relief for enterprise investment schemes will increase from £200,000 to £400,000 and that the reference by the hon. Member for Braintree to a rate of 30 per cent. involved a misunderstanding. The rate is currently 40 per cent. for a two-year period, which is expiring. If it expired and no provision were made in the Bill, the rate would go down to 20 per cent. In fact, under the Bill, the rate will go to 30 per cent., so tax reliefs are being increased.

Mr. Breed: I entirely accept that. We can look at those compensations and the way in which the provisions tinker about with the actual amount of tax relief and the allowable assets. That tinkering has been brought about to try to engineer a more focused approach to smaller companies and to try to address some of the issues in respect of the risks and rewards. The incentives in that respect have been drastically reduced and there will be a significant reduction in the amount of private equity that will be going into small businesses in relation either to start-up or to development capital.

That echoes what we were talking about yesterday afternoon in relation to small businesses. We are looking to try to provide a regime that gives businesses that have been started up the opportunity to move on, so that they become more successful, provide more opportunities in relation to the economy and employment and indeed provide corporation tax. We seem to have situations and regimes that are not connected to each other. The hon. Member for Braintree was talking about the gap between £5 million and £25 million, which may be termed development capital, rather than venture capital. There is certainly a gap there.

Mr. Newmark: One of the problems that we face is that the private equity industry, which was alluded to, is, in effect, moving further up the food chain and the elements involved are getting bigger and bigger. The funding gap is indeed at the lower level, which is where business angels are needed and are playing a role. The point made by the hon. Member for Wolverhampton, South-West (Rob Marris) was irrelevant to the amendments; it had to do with taxation. We are concerned with gross asset values. By shrinking where we give the incentives for investors to go in—by lowering that limit—we are going to make it far more risky and far less attractive for individuals to go into that part of the market.

Mr. Breed: I entirely agree with that. We will see that reduction in the figures next year if these proposals go through. The Government are trying to engineer a reduction because they are looking to try to save some money in relation to this scheme. That will be a false economy. Opportunities will be largely missed because private equity funds are not going to be as prevalent as they have been in the past few years. There is no suggestion that there is a shortage of businesses looking for such capital. Indeed, there is probably more demand than there is current supply. If it were the other way round, there could be an opportunity to say, "Well, we do not need so many incentives." However, significant numbers of businesses—even at that lower level; let alone the development level—are looking for the sort of private equity that they require to expand.

I also entirely agree that the 70 per cent. investment rule needs to be looked at, particularly in relation to those funds that regularly liquidate some of their investments and then hold them in some sort of interest-bearing account. It would make no sense whatsoever to force them into non-interest bearing ones. I am sure that there is an easier—or perhaps more elegant—way of dealing with that than is currently the case.

The alternative investment market has been a great success, but less money will go into it because the sort of companies that will qualify will not attract—

The Temporary Chairman (Sir John Butterfill): Order. The hon. Gentleman will be aware that this particular issue arises on a later group of amendments. I would be grateful if he confined his remarks to the present group of amendments.

Mr. Breed: I am grateful, Sir John, and sorry that I transgressed.

I have tried to find out what the savings resulting from the measure will be, but the estimates are rather wide. When the Minister gives us the benefit of his information, will he tell us what sort of savings there will be? I have seen figures ranging from between £15 million and £400 million, so I do not know what the exact savings are likely to be. However, if the savings are anywhere between those figures, such tinkering seems to be unnecessary. The measure addresses a success, rather than a problem, and that success needs reinforcing, not restraining. The opportunities that are available to private companies will necessarily be reduced and investment will become less attractive. Overall, the measure is unnecessary, given the sort of savings that it will make.

If a reduction is absolutely necessary, the methods that the Government are choosing represent using a sledgehammer to crack a not especially difficult nut. A more sensible approach might be to focus on certain sectors, rather than going across the board. If the

[Mr. Breed]

Government want to define the scheme so that it is less expensive to the Treasury, I am sure that there would be ways in which they could focus on the sectors for which they want to produce more help. As the hon. Member for Fareham (Mr. Hoban) said, the proposals will probably lead to gravitation towards technology-based businesses with intangible assets, rather than businesses with tangible assets.

Stephen Hesford (Wirral, West) (Lab): The hon. Gentleman says that the Government could approach the matter differently by focusing on sectors. If there was limitation in the way in which he suggests, how would he guide us? Which sector would he focus on and how would he do that?

Mr. Breed: First, I would prefer to leave the scheme as it is. However, if we were to examine certain sectors, we would have to look at those that find capital especially difficult to obtain. The situation is not difficult for a management buy-out that will be going to the market in two or three years' time because most people would be scrabbling to try to invest in something that would produce a great return in a short time. However, there are businesses that require a longer gestation period—they are perhaps smaller and need to retain for a longer time—and they might be above the limit on eligible assets. Putting an arbitrary restriction on eligible assets, rather than considering each sector, is an across-the-board approach. A more elegant approach would be to introduce more targeted and focused support for the specific sectors and companies that we would like to support.

Rob Marris: I understood the hon. Gentleman to be saying that his preference would be to leave things the way that they are, which I assume to mean that he supports amendments Nos. 6 to 8. I understand that he has had difficulty getting the figures. However, in his methodology for approaching the question of encouraging investment, especially in some of the riskier areas, he is looking at only half the equation, as I suggested earlier. If he was to leave things as they are, the enterprise investment scheme tax relief would be capped at £200,000, not £400,000, and furthermore the tax relief would revert from the current rate of 40 per cent. to 20 per cent. If we could get the figures for the whole equation—the changes to both tax relief and the capital limits—he might find that he supported the Government.

Mr. Breed: I understand the hon. Gentleman's argument. He is right that a judgment can really be made only in retrospect. It is difficult to prejudge the exact outcomes. However, it is my judgment that for relatively little benefit, we are changing a successful scheme. Leaving aside the figures involved, the change sends the unhappy message to the industry as a whole that even when a scheme is successful and producing real benefits, the Government are prepared to tinker with it. For the sake of what I suspect will be a relatively modest saving, we could undermine some of the confidence that has been built up in recent years that the Government are behind the scheme. However, having seen the scheme's great success, they now seem to want to chop that away and retreat to the pre-2004 position, which would be a retrograde step.

Mr. Philip Dunne (Ludlow) (Con): I remind the Committee of my entry in the Register of Members' Interests. I am an investor in a venture capital trust: Baronsmead VCT 4. I am also honoured to chair its non-executive board.

I welcome the measures to improve access to capital, especially the increase in the EIS limits to which the hon. Member for Wolverhampton, South-West (Rob Marris) referred. Of course, investments in that category are not for the faint-hearted because they do not provide the portfolio risk diversification that is the attraction of a VCT. I also welcome the retention of tax relief for VCTs, albeit at a lower level, which we will discuss under a later group of amendments.

The reduction in the gross assets of a company in which VCTs may invest from £15 million to £7 million immediately before an investment and from £16 million to £8 million immediately after an investment will significantly reduce the scope of eligible companies. As my hon. Friend the Member for Braintree (Mr. Newmark), who is an expert on these matters, rightly said, that will raise the risk profile of investors in VCTs. The risk profile will be raised by definition because the portfolio effect of a mix of business sizes in a VCT helps both the underlying investors and the managers of the trust to have greater confidence because investment performance tends to be better when there is a greater spread of both risk and the size of investment in individual companies. The reason why the limits have been selected is unclear, so I urge the Minister to give an explanation to Opposition Members who are perplexed.

When VCTs were first introduced under the previous Government in 1995, the limit on the gross assets of eligible companies was £10 million. Over the following 10 years, that would, of course, have inflated to a much higher figure, but even £10 million is significantly more than the amount proposed. Many VCTs take advantage each year of the period prior to and immediately after the end of the tax year to undertake fundraising. Several VCTs pulled their fundraising following the Budget. I have read several of their websites and many have cited the halving of the maximum size of investee companies as the reason. I will name a couple of funds—not my own—because they are peer funds that perform well: Northern VCT 2 and First State AIM VCT, which was the best performing AIM VCT that was launched last year.

Those who are involved in marketing such funds have a good sense of investor appetite for VCTs. I refer especially to Henry Chaplin, the chief executive of Noble Fund Managers, the website of which points out that he anticipates that the VCT market, having raised £800 million in the last tax year, will decline to only £300 million by 2007–08. That gives some idea of the impact of the changes that the industry is expecting.

2.30 pm

That takes us to why are the Government so keen to introduce this change. As was said earlier, this may be purely a revenue limiting exercise. It may be to do with the gaping deficits in the public accounts. It appears that

it has little to do with seeking to professionalise and encourage a stable VCT industry. One issue that it will give rise to for small companies has been touched on already. Those companies with gross assets of, for example, £6 million—just under the limit—can now raise only £2 million compared with a £10 million subscription that they could have raised under the previous regime. That will have a significant impact on small and medium-sized companies that have a requirement for significant amounts of capital, and this avenue of raising that capital is likely to be shut to them. That could have an effect on higher risk and potentially higher return or high risk and nil-return companies in the pharmaceutical sector and other areas that are great consumers of capital.

John Bercow (Buckingham) (Con): The prognosis that my hon. Friend cited of a prospective reduction from £800 million to £300 million is both gloomy and alarming. For the avoidance of doubt, can he confirm that the person whom he has quoted, Mr. Chaplin, is suggesting that the reduction will be exclusively the consequence of the Budget and not in any way attributable to other unrelated factors? If that is so, it is a source of alarm.

Mr. Dunne: I have been quoting from Mr. Chaplin's website. I have not had a direct conversation with him. The implication is that venture capital trusts that were in the process of fundraising and have cancelled are doing so as a result of the specific Budget amendment that we are considering.

Mr. Newmark: It might be helpful to explain a little more the cause behind the statement to which my hon. Friend referred. It has to do with the fact that smaller investments are far more risky. Therefore, people are far less likely to invest in such companies. At the same time—this is the point that the hon. Member for Wolverhampton, South-West (Rob Marris) was making—if there are not the tax incentives that follow these investments, that will be another reason why people will not invest in the industry. There is a double whammy, which is what I was talking about earlier.

Mr. Dunne: I am grateful to my hon. Friend for supporting my contention that that will be a direct consequence of the Budget. Access to follow-on capital will therefore be severely restricted as a result of the proposed measure. It will be interesting to know whether that is part of the Government's intent.

The second issue that I want to raise is perhaps a slightly more detailed point, but it is a direct consequence of the proposals that are subject to the amendments. A number of VCTs, including the one that I chair, have a dividend reinvestment scheme under which investors are given the option to receive their dividends not in cash tax-free, but by reinvesting in new shares issued by the VCT. That has attractions for investors as they can increase their investment in a VCT with the accordant tax advantages. It is also attractive to managers of VCTs because they can raise modest capital on regularly without having to go through the costly exercise of marketing and producing a prospectus, for example.

The problem is that as a result of the proposed changes from 6 April any new shares raised by a VCT will have to be invested in companies that meet the new criteria. That means that an existing VCT, which has an established portfolio of investments in companies that exceed the current criteria, will have to start managing an entirely separate portfolio. I believe that that is the case. I think that the Minister is nodding.

The Financial Secretary to the Treasury (John Healey) *indicated dissent.*

Mr. Dunne: That applies to every new investment that a VCT seeks to make using new capital raised by issuing shares in respect of dividends under a reinvestment scheme. This will increase the complexity to a point where this sort of dividend reinvestment is highly unlikely to be worth while for the manager, notwithstanding the tax benefits that it provides to investors. If the Minister can say whether that is something that he intends to catch by the proposed measures, I shall be most grateful.

John Healey: We have had a broad-ranging debate on this set of amendments. In a sense, it sets the scene for a wider range of issues connected with the package of reforms that we propose in clause 91 and schedule 14, which go beyond the five amendments in the group. I shall seek to deal specifically with the five amendments and the points that have been raised during the debate.

I turn first to amendments Nos. 6, 7 and 8, which deal essentially with the growth of assets test, as the hon. Member for Fareham (Mr. Hoban) made clear. The amendments seek to remove from the Bill the provisions that are designed to refocus venture capital schemes on those small firms that are most in need of improved access to finance. After all, this is the principal purpose of the policy framework and the principal justification of investing a significant amount of public money in terms of the tax forgone.

It may help the Committee if I explain why we have brought forward these proposals that bear on the gross assets test. The amendments, if they are pressed, should be rejected. Venture capital schemes are an important range of interventions contributing to the Government's wider policy to improve access to finance for small companies with growth ambitions. It is important that we build on the success of the schemes so far. It is important also that we ensure that the support that the schemes provide is effectively targeted to where it is needed most. That is what the provisions in the Bill are designed to do. Refocusing the growth assets test in this way will ensure that investment under these schemes is directed to those companies that most need it and to where there is most clearly a market failure. It is interesting that this purpose is recognised clearly by the industry.

Comments after the proposals were published included those from Paul Mumford of Cavendish Fund managers. He said:

"the changes bring things back to the true spirit of venture capital, which means investing in young companies and sticking with them as an investor until they have grown enough to merit further investment from institutional investors."

[John Healey]

Julian Hickman, a partner of Longbow Capital, said:

"the Chancellor seems to be trying to guide venture capital schemes back to their original intended role; the support of small businesses in search of venture capital funding."

That is precisely the point and the purpose of the package set out in clause 91.

The change will ensure that money raised under the schemes does not drift towards lower-risk investment, where it would be less focused on driving growth and more devoted to simply maintaining value—the sort of investments that firms could and should be more capable of sourcing from other places.

Mr. Newmark: What analysis the Minister has undertaken to justify that comment and to show what size the market will become after the Bill is enacted? What analysis has he undertaken to show that there is not a funding gap above £7 million or £8 million? Why has he chosen £7 million or £8 million as opposed to £10 million? I am curious as to what analysis the Government have made to make the decision that they are about to make.

John Healey: The hon. Gentleman again poses the questions that he posed earlier. I have not yet come to the points that he and others made. I was about to turn to the specific points raised by the hon. Member for Fareham, then to those of the hon. Member for Braintree (Mr. Newmark) and then on to those of the hon. Member for Ludlow (Mr. Dunne).

The hon. Member for Fareham asked the same question, namely, what is the basis of the new gross assets test and the level at which we have set it. He, too, expressed concern that it will somehow lead to neglect of manufacturing industry, particularly relatively small business services companies. I will share with him some of the analysis that underpins the decision to set the new gross assets test at £8 million and £7 million. Analysis of the investments made in the VCT scheme and the enterprise investment scheme shows that investments in companies with total assets of less than £8 million are proportionately higher in technology, business services and manufacturing. All such companies are higher-risk sectors, which the Government therefore want to target. By way of contrast, VCT and EIS investment in companies with total assets of more than £8 million is proportionately higher in sectors that tend to be asset-backed and therefore less risky forms of investment, such as the hotel sector, bars and catering, wholesale and retail. Having assets clearly increases their ability to put up collateral against loans, so they are less likely to face the same problems that small firms in some other sectors face in accessing finance. The hon. Member for Fareham may be interested to know that the average size of a company invested in under a VCT is £3.8 million.

The hon. Gentleman also asked whether we will monitor the impact of these changes, and the short answer is that of course we will. We have done so since we took responsibility for the scheme and we will measure and monitor the impact on the funds raised, on the investments made, and on small and growing firms. We will also monitor evidence of change in terms of a finance gap.

The hon. Members for Braintree and for Ludlow spoke from their own personal experience. I was interested to hear about that, but it has led them to draw conclusions rather different from our own and from many experts and specialists in the field. I point out to the hon. Member for Braintree in particular that riskier investments that have difficulty raising other forms of growth capital are precisely where the market failures lie and where the case for Government intervention and support is strongest. Our proposed change in the gross assets test is designed to ensure that significant Government support is well justified and well targeted.

The package in schedule 14 to which the hon. Member for Braintree referred will increase, rather than reduce, the incentives to invest, as my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) said. I suspect that we will discuss this issue in more detail when we consider amendments Nos. 10 and 11, so I shall not stray there, except to point out to the hon. Member for Braintree—who mentioned the risk-reward balance—that the package includes setting the rate of income tax relief for investments in VCTs at a new and increased level of 30 per cent.

I appreciate the tribute that the hon. Member for South-East Cornwall (Mr. Breed) paid to—

Mr. Newmark: Will the Financial Secretary give way?

John Healey: I suspect that the point that the hon. Gentleman is about to raise is one that he will have ample opportunity to discuss when we consider the next group of amendments; however, I give way.

Mr. Newmark: I am curious as to the Financial Secretary's logic. How can reducing the tax incentive from 40 per cent. to 30 per cent. and lowering the gross assets reduce risk? By definition, doing so tends to lead to riskier investments.

The Temporary Chairman: Order. The hon. Gentleman knows very well that that point will be dealt with in the next group of amendments; it is not particularly relevant to this one.

John Healey: My suspicions, Sir John, were precisely confirmed by the hon. Gentleman's intervention.

Perhaps I may turn, as I had started to do, to the contribution of the hon. Member for South-East Cornwall, whose tribute to the success of the economy under this Government—and particularly the ongoing success of the venture capital schemes—I appreciate. He was right to say that the UK is one of the leading economies; in fact, a recent US report described the UK as the best business environment for small firms to access investment finance in. On the particular set of arguments that he laboured, I should point out that the package of changes in clause 91 is not about reducing cost or reducing support for this form of business investment. It is about focusing such support first, where it is most needed; secondly, where the greatest value to the taxpayer lies; and thirdly, where it is likely to make the greatest contribution to the growth and productivity of the UK economy.

I stress that this package of reforms is not about looking for savings. If the hon. Gentleman consults the Red Book, he will see that the scorecard cost of these

proposals, which were announced in the Budget, for the next financial year is minus £15 million. In other words, for that and the following year, the additional cost of the proposals to the Exchequer is £15 million. He may also be interested to know that the cost of such schemes this year is £220 million.

2.45 pm

Mr. Breed: I am grateful to the Financial Secretary for that information, which reinforces my view. Given that there will to be no visible change in the cost to the Treasury in forgone tax—if anything, the cost might even increase slightly—is the proposed across-the-board test on eligible assets the most elegant way of ensuring that the limited sums available are focused on the right area? As the Financial Secretary knows, certain sectors of the small business world are perhaps more demanding than others, and some are more deserving. Applying seemingly arbitrary figures across the board—he has yet to explain how he arrived at the figures of £8 million and £7 million, rather than, say, £10 million—will not enable us to focus on the companies and sectors that need support.

John Healey: We are looking for effectiveness, not elegance. The package of measures, including the reduction in the gross assets test, will help us to build on the success of the scheme and ensure that it is properly targeted and good value, therefore, for the substantial sums of taxpayers' money that such support entails. The hon. Gentleman expressed concern at our setting the gross assets test at £8 million and £7 million respectively, but I should point out that the average size of a company invested in under a VCT is £3.8 million. The test should not be a concern to him if he is genuinely interested, as we are, in achieving greater levels of investment and easier access to finance for firms that are riskier investments. Such firms tend to be smaller firms, and they always find it more difficult to access the investment and growth capital that they need from other sources.

John Bercow: Precisely in the light of what the hon. Gentleman just said about the net cost to public funds of his overall package, and of the widespread uncertainty about whether the effects of his scheme will be exactly as he envisages, does he think this a very good test case of the appropriateness of the Government's introducing a sunset clause? The provision would therefore automatically expire after a given period, whereupon we could judge who was right and what action did or did not need to be taken.

John Healey: I know that the hon. Gentleman is keen on sunset clauses, but in this instance the short answer to his question is no. I think that he was on the Finance Bill Committee, and he almost certainly participated in proceedings on the Finance Bill 2004, when we introduced the temporary two-year uplift of the rate of income tax relief available on VCTs from 20 per cent.—the ongoing rate—to 40 per cent. Although I did not refer to the concept of a sunset clause in moving that provision, it was time-limited, so I am sure that it meets with his approval at least in retrospect, even if he did not support it at the time.

Amendment No. 9 seeks to exclude any capitalised research and development expenditure from the calculation of a company's gross assets for the purposes of the qualifying test. The hon. Member for Fareham said that it is a probing amendment, and I hope that he will be convinced of my view that it is neither necessary nor desirable. Let me try and explain why.

The gross assets test, as I said, is designed to target smaller high-risk companies for investment under the schemes by focusing on the level of assets on the balance sheet. The legislation deliberately does not define the assets to be taken into account, but as is our approach in general, it follows accountancy practice. If the tests were to diverge from accepted commercial accounting rules, more complex legislation would be required, which neither the hon. Gentleman nor I generally advocate. It could lead to additional burdens on the conduct of VCT businesses. However, the international accounting standards, IAS 38, have introduced a requirement to capitalise research and development expenditure in certain circumstances, whereas the UK standard to which the hon. Gentleman referred, SSAP 13, states that that treatment is optional. In either case, the range of circumstances in which R and D must or can be capitalised remains limited to certain development costs, not research costs.

Expenditure, therefore, will be capitalised only where it is already established that the outcome will be a marketable product—in other words, cases where the company has a genuine asset that can be valued on the balance sheet. The effect of the amendment would be to open up the scheme to companies that have already developed valuable assets with a balance sheet value above the threshold of the scheme.

We have already introduced the research and development tax relief, which is widely recognised as an effective, generous and appropriate policy measure. We announced in the Budget that it would be extended to provide additional support for mid-sized companies with up to 500 employees. The Opposition are effectively asking us for another form of indirect support for research and development. The right mechanism for that support, I suggest, is the R and D tax credit. It targets R and D expenditure directly, and does so in a way that is widely accepted to be an effective form of incentive for research and development.

Finally, amendment No. 13 seeks to exempt money raised from venture capital trusts prior to the current tax year from the requirement that it is invested in line with the objectives of the scheme. The 70 per cent. rule for venture capital trust investments, as the hon. Gentleman explained, already allows flexibility on up to 30 per cent. of the value of a VCT's fund. That is generous enough to allow VCTs the flexibility that they need to operate, and the Government's proposed change simply closes a loophole that makes it possible to get round the test.

Let me dwell on the rule change and the accusation of retrospection, which I do not accept. What we are proposing will help to ensure that the scheme meets the policy purposes for which it was introduced, and makes a contribution to the growth and productivity of this country and our small firms, as intended. The 70 per cent. rule about the funds from the VCT being invested in qualifying investments was the original intention of the scheme. Rules were drawn up to achieve that, and it is the basis on which approvals have been sought by VCTs and given by the Government.

[John Healey]

It cannot be right that funds raised with a significant tax relief are not used for the purpose for which the tax support was intended. It cannot be right that fund managers have a get-out if they fail to make the level of qualifying investments that are often in their prospectus. It cannot be right also that investors' expectations that their money will be invested in small companies with high growth potential are thwarted by the funds instead being kept in cash or non-interest-bearing accounts.

I urge the hon. Gentleman to bear it in mind that the measure will not apply to funds raised before 6 April this year. It is not designed to catch inadvertent breaches. If there are inadvertent breaches of the 70 per cent. rule, they should be reported, together with a plan to correct them, to HMRC, which will not take the enforcement action that would otherwise be required. The measure is not a device that the majority of VCTs use or need to use in order to maintain their adherence to the 70 per cent. qualifying rule.

When those considerations are added to the fact that we are not removing the essential generous flexibility of the 30 per cent., it is clear that the amendment is not appropriate. The hon. Gentleman, the hon. Member for Braintree or the hon. Member for Ludlow may know that one of the leading VCT advisers advises all its clients that they should aim not for 70 per cent., but for 80 per cent., so that they have sufficient flexibility to deal with the peaks and troughs of the cycle.

Clause 91 ensures that the legislation operates effectively in requiring that the funds raised by VCTs are directed towards qualifying companies. I say to the hon. Member for Ludlow that we see no reason why the VCTs should have difficulty adapting to the change by next year, when it comes into force. The provisions of schedule 14 are designed to increase the effectiveness of the venture capital schemes—

Mr. Dunne *rose—*

John Healey: I was just winding up, but I will give way to the hon. Gentleman. He has assiduously attended the debates of the Committee of the whole House, and I welcome that.

Mr. Dunne: I am grateful to the Financial Secretary. The HMRC guidance on inadvertent breaches is welcome, as it may deal with the issue mentioned by my hon. Friend the Member for Fareham (Mr. Hoban) concerning a realisation generating a substantial amount of cash at an inopportune point in the year, when a test might be about to be met, for example. It would be helpful to the Committee if the Minister would confirm whether that would be addressed by the guidance from HMRC. If it would not, ought there not be provision in the Bill?

John Healey: To put the matter in perspective, the cases of inadvertent breaches of the rule that have come to our attention number fewer than a dozen. It is a small-scale problem in a minority of VCTs. HMRC will shortly issue guidance that will help cover important aspects of inadvertent breaches. I shall make sure that the hon. Gentleman receives a copy directly.

The amendments would prevent us from improving the scheme as we intend. I hope the Opposition will see fit to withdraw them, having had this useful and extended debate. If not, I shall have to ask my hon. Friends to vote them down.

Mr. Hoban: I thank the Minister for the effectiveness of his reply. I shall comment first on amendments Nos. 6, 7 and 8. He makes a persuasive case for the reduction in the asset limits. I am grateful, as I am sure is the VCT industry, for his reassurances that the situation will be kept under review and action taken where necessary. The House would welcome regular updates on the monitoring of the nature of the investments undertaken by VCTs working under the new asset limits.

On amendment No. 9 on accounting practices and the differential treatment that there can be under UK and international standards for the capitalisation of development—the right hon. Gentleman was right to distinguish between research and development—the issue is not so much that one group of businesses would get a double benefit for R and D, as that a business that applied international financial reporting standards could go over the gross asset test, whereas the same business using generally accepted UK accounting practice could fall below the gross asset test.

Given the difference in accounting practice for the treatment of capitalised development costs under the UK and international financial reporting standards, a company could benefit from VCT investment while another does not. I hope that the Financial Secretary will reflect on that as we consider unlisted companies' take-up of international financial reporting standards, and whether that causes some businesses to lose out on VCT relief because they adopt one method of accounting rather than another.

On amendment No. 13, I also welcome the Financial Secretary's reassurance on inadvertent breaches of the 70 per cent. rule and his comments on the associated guidance that HMRC will issue. Although his remarks are absolutely right about the importance of such money being invested—that is what investors in VCTs would seek—it is important that the guidance on inadvertent breaches should consider situations where investments might well be realised and the trust might breach the 70 per cent. rule, pending a further investment or the return of cash to its shareholders.

3 pm

John Bercow: The Financial Secretary referred to the issue of guidance by the Inland Revenue. Although we are not discussing regulations that will be the subject of a statutory instrument, and therefore subject to either the negative or the affirmative procedure, does my hon. Friend agree nevertheless that it would be helpful to the House if we could have sight of that guidance, if only in draft form, before the final passage of the Bill? It would aid and support our deliberations to get that before rather after the event.

Mr. Hoban: As ever, my hon. Friend makes an important point about the parliamentary scrutiny of such issues and the way in which we can address them before consideration of the Bill has been completed, and I am sure that the Financial Secretary will take that

point on board. I hope that the industry and its advisers are fully consulted on the guidance, to ensure that it tackles inadvertent breaches. With that, and the Financial Secretary's assurances, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Hoban: I beg to move amendment No. 10, in page 75, line 25 [Vol II], leave out '30' and insert '40'.

The Temporary Chairman: With this it will be convenient to discuss amendment No. 11, in page 75, line 30 [Vol II], leave out '30' and insert '40'.

These amendments have already been referred to en passant.

Mr. Hoban: I am sure, Sir John, that we will have a fuller airing in this debate of some of the issues that were raised in the debate on the previous group of amendments. Under the amendments now before us, we seek to make permanent the temporary increase in income tax relief that applies to VCTs and enterprise investment schemes. The Financial Secretary and I have different views of what a move to 30 per cent. means. He seems to think that it is an increase; I might suggest that it is a decrease—but I am sure that we will return to that topic in a minute.

It is worth remembering why the 40 per cent. rate was introduced in 2002. It was intended to stimulate the VCT market, and in the words of the British Venture Capital Association's pre-Budget submission,

"meet the Government's objective of creating funds for investment in entrepreneurial companies that stimulate growth and create employment and tax revenue."

Indeed, it has had the benefit of stimulating the VCT market and raising more funds for investment in unlisted companies. In 2004–05, VCTs raised more than £500 million in funds; press comment around the end of the financial year suggests that they had raised about £730 million. Of course it is worth bearing in mind the fact that in the year before the relief was increased from 20 to 40 per cent., the sales of VCTs were worth less than £100 million.

Stephen Hesford: In simple terms, as I understand the matter, before the change took place in 2004 the rate was 20 per cent. That rate was introduced as a temporary two-year measure to increase VCTs, which it has done. I understand that the hon. Gentleman is making that point. The Government are now regularising the situation consonant with that prior to 2004, to a higher rate—30 per cent. What is wrong with that?

Mr. Hoban: I will address the hon. Gentleman's question about why that might be wrong, but the point, which was touched on in the last debate, is that both the Financial Secretary and the hon. Gentleman talk about the rate increasing from 20 to 30 per cent. Some people would argue that there is really a decrease, from 40 to 30 per cent. It depends on one's starting point, in judging what the measure is trying to change. With amendments Nos. 10 and 11, I seek to retain the 40 per cent. tax relief rate, rather than to reduce it to 30 per cent.

Before the changes took place in 2004, VCTs were running out of steam—their sales were low—and the temporary increase in tax relief to 40 per cent. stimulated that market. There is concern in the VCT market about the impact that the reduction in tax relief to 30 per cent. might have on the sales of VCT funds, and I shall quote some of the press comment around the time of the Budget. Bestinvest suggested that sales of VCTs in 2006–07 might be about £100 million to £150 million—quite a significant decrease on the amount achieved in 2005–06. Martin Churchill of Tax Efficient Review forecast sales of £250 million to £300 million. My hon. Friend the Member for Ludlow (Mr. Dunne) quoted the views of Henry Chaplin, suggesting that sales would be about £300 million. Clearly, we will not know the outcome until the end of the financial year, and there is uncertainty about the funds that VCTs will raise, and therefore the money that will be available to trusts to invest in small and growing businesses.

Stephen Hesford: The hon. Gentleman would not have intended to conflate two arguments, but I understand that when the hon. Member for Ludlow (Mr. Dunne) gave us figures about the differential sales of VCTs, he was talking about the previous set of amendments, and the sales differential that resulted from what the Government were doing with those amendments. We are now talking about a different set of regimes, and the hon. Gentleman is conflating the previous figures with these. Which sales drop does he think results from these changes—or is he quoting another set of drops that was put before the House on a different set of amendments?

Mr. Hoban: The hon. Gentleman needs to remember that there is a series of three changes in schedule 14 that impact on the sales of VCTs, and it is very difficult to pull apart the impact that each one will have on sales. My hon. Friend the Member for Ludlow referred to Henry Chaplin in the context of the impact of the reduction in gross asset values. Some people will point to a later amendment on the holding period as being the driver behind this; others will look at the change in tax relief. The complexity arises in part because of the way in which the amendments have been selected for debate, but also because of the complex interaction between holding periods, gross asset tests and tax relief.

Stephen Hesford: Does the hon. Gentleman accept that there is an element of double counting? The House needs to be sure which figures we are relying on—those for the specific amendments that we have under review, not those for the other amendments.

Mr. Hoban: The hon. Gentleman is about to make a mountain out of a molehill. There are differing effects, and it is difficult to unpick the precise effect that each one has. The point that I am making is that in 2004–05 and 2005–06 sales of VCTs were strong, and had increased significantly during 2003–04, during which time the income tax relief was 40 per cent. If the Government say that the 40 per cent. rate led to that increase in sales, the hon. Gentleman must conclude from that that the reduction in income tax relief could, as has been suggested by some in the industry, lead to a reduction in sales in 2006–07 and subsequent years.

[Mr. Hoban]

The concern in the sector about the change in the rate of relief boils down to a relatively simple but fundamental point that my hon. Friend the Member for Braintree (Mr. Newmark) referred to in his intervention on me during our debate on the previous group of amendments. There is a relationship between the level of risk that an investor will take on board and the return. The concern is that the overall effect of reducing the rate of relief, and allied to that the increase in the rate of investment that we dealt with in the previous group of amendments, will be a reduction in the return from VCTs, making them less attractive to investors. Will investors be prepared to accept the greater risk attached to smaller companies with fewer assets given the reduction in tax relief on their investments in VCT and EIS schemes?

Martin Churchill, to whom I referred earlier, from Tax Efficient Review, suggests that there might be a flight from higher-risk investments within VCTs to lower-risk investments. Robert Drummond, a former chairman of the British Venture Capital Association, has said:

"With the 30 per cent. income-tax relief rate the Chancellor has found a compromise between maintaining the current level and returning to 20 per cent., but this change, together with the increase in the minimum holding period from three to five years"—

we will deal with that in the next group of amendments—

"appreciably alters the risk-reward profile of private-equity investment by personal taxpayers."

I appreciate that many in the VCT sector were relieved when the Chancellor announced that the rate of relief was to be 30 per cent. A number were concerned that it would be reduced further to 20 per cent. But I think that even the hon. Member for Wirral, West (Stephen Hesford) will agree that it is clear that VCT investment levels are sensitive to changes in tax relief, as the sales figures over the course of the past three years show. It is difficult to build a viable VCT sector and facilitate investment in smaller companies if flows are volatile.

I want to pick up on a commitment made by the Chief Secretary to the Treasury on Second Reading last week in relation to the change in the rate of tax relief. He said:

"To ensure that the industry has a solid foundation for stable fundraising and continued growth, the Bill guarantees the rate of income tax relief for investments in venture capital trusts at 30 per cent. for the rest of this Parliament."—[*Official Report*, 24 April 2006; Vol. 445, c. 365–66.]

I should be grateful if the Financial Secretary would elaborate on that commitment. It is rare for a Treasury Minister to commit to fixing rates so long in advance. In election campaigns, despite the efforts of interviewers, the Chancellor and the Prime Minister have always been evasive about giving any long-term commitment to rates. Will the Financial Secretary explain why that commitment has been give to VCTs in this Budget?

When the Financial Secretary replies, will he answer three questions? Can he confirm that the Chief Secretary's statement to the House last Monday will hold? What steps can he take to ensure that that will be enshrined in legislation so that investors can plan with confidence for the rest of this Parliament? Is this a symmetrical commitment? That is, will the relief remain unchanged, either up or down, regardless of events? Those are important clarifications that the Financial Secretary should give today to provide the industry with some comfort about the Chief Secretary's commitment. Regardless of whether 30 per cent. is the right or the wrong rate, stability and consistency are vital to the sector if it is to build.

I end on this note of caution. As I said earlier, the rate of sales of VCTs has been sensitive to changes in the tax rate, and, following the Financial Secretary's reassurances on a previous group of amendments, I would not like to see the small businesses that are meant to be helped by such schemes lose out because investors turn off the flow of funds into VCTs.

3.15 pm

Mr. Newmark: The Government's desire to refocus VCT investment is a simple excuse for dealing with the unforeseen cost to the Exchequer of the tax relief currently offered to investors. The cost to the Exchequer of 40 per cent. income tax relief has risen from £220 million to £315 million, nothwithstanding the caveat that those figures are

"particularly tentative and subject to a wide margin for error."

Treasury Ministers have perhaps got into the habit of not expecting their market interventions to be successful, and when they are, they are caught short. That is the real justification for part 2 of schedule 14.

The Treasury Committee had the benefit of a simple warning in March 2004 when it heard:

"I think that the Chancellor has to be careful that the history of an awful lot of tax reliefs is that they are set up with very tight restrictions, they have little effect, progressively Chancellors relax the effect, increase the benefits, and then the thing takes off in a completely unexpected direction and has to be stopped."

The Chancellor lectures that there should be no return to boom and bust—it is his favourite stick with which to beat the Opposition—but what is the result of all these changes if not boom and bust for the venture capital trusts and their investors?

The Chief Secretary has committed the Government to maintaining the 30 per cent. income tax relief for the life of this Parliament.

Stephen Hesford: Which part of "temporary" does the hon. Gentleman think that the industry did not understand in 2004?

Mr. Newmark: The hon. Gentleman is absolutely right; the point was made that the relief was temporary. But, as we saw, the industry was flat on its back, at a size of £50 million or £70 million, and it is now successful and has grown. But that has been primarily because of the stimulus that the Government gave by increasing the tax relief from 20 per cent. to 40 per cent., and that is my argument here.

The fact remains that repetitive changes in the tax relief scheme and, concurrently, the risk profile of VCTs, will undermine investor confidence and prevent legitimate tax planning. Is that really the solid foundation to investment that the Chief Secretary would have us all believe it to be? The justification for the 40 per cent. income tax relief was always couched, as the hon. Gentleman said, in terms of a temporary

stimulus that would be the subject of continued review. But it is questionable whether that approach is helpful to investors who are looking to plan their long-term financial affairs. It has denied them the reasonable level of certainty that should be their right.

My concern as a past practitioner is that there is a high probability that the market will begin to shrink back—the point made by my hon. Friend the Member for Ludlow (Mr. Dunne)—notwithstanding the preservation now of a proposed 30 per cent. income tax relief.

I also question the assumptions that underpin the figure of 30 per cent. Was it chosen simply because it is a midway point between the old 20 per cent. relief and the two-year period of uprating to 40 per cent., or is there a more substantial justification for the compromise? Venture capital trusts are working, and working well, because there is sufficient incentive to stimulate uptake by investors operating in an inherently risky market. We should not arbitrarily change incentives, even for the lifetime of the Parliament, without subjecting them to regular review.

Mr. Dunne: I should like to make a couple of brief observations. The industry has been almost silent on the issue since the Budget. The explanation is that it has breathed an enormous collective sigh of relief that the relief rate has gone from 20 per cent. up to 40 per cent., and now down to 30 per cent. rather than 20 per cent., which was the anticipated level after the announcement in the Budget two years ago to which the hon. Member for Wirral, West (Stephen Hesford) referred. As a result, it seems that the Treasury has listened to the industry's explanation that reverting back to the 20 per cent. level would risk cutting off the flow of capital to help bridge the vital equity gap.

As I said earlier, I am pleased that the Treasury team has not sought to restrict the rate to its original 20 per cent. level. I remain perplexed, however, why it has not kept it at 40 per cent., particularly if the policy objective, to which the Financial Secretary referred earlier, is to help companies gain access to capital that will allow them to grow, to compete to become larger businesses and to compete internationally in the increasingly global marketplace, on which the Chancellor is constantly lecturing us. It is well understood on these Benches that we are competing on a global scale. Why on earth introduce a measure with relatively little financial cost, as was made clear in the response to the hon. Member for South-East Cornwall (Mr. Breed), in this manner? It will have the undoubted consequence of reducing the capital available to such companies. Why not leave it alone at 40 per cent., where it is working so effectively?

Mr. Breed: I would like to reinforce what has already been said from the Opposition Benches. I am sure that the Minister is right in saying that the average investment to date has been £3.8 million, based on the 40 per cent. tax allowance. I suspect that it is more likely to have been the 40 per cent. rate than the eligible assets test that encouraged the greater investment. There is general agreement that the investments eligible under the new rules are likely to be—although they will not always be—more risky in profile than they were, so there may be more justification for maintaining the 40 per cent. rate. At least if it were temporary, it could be extended for one more year and we could see how much more effective the eligible assets test will be. I am concerned that we may face a stop-go problem, irrespective of how much money is invested in the market. Obviously, 30 per cent. is better than 20 per cent., but it seems rather arbitrary. I believe that we could have retained the 40 per cent. rate for one further year while we assessed the effect of the eligible assets test, which would have provided a stronger basis of information on which to judge the success of the scheme.

I therefore broadly support retention of the 40 per cent. rate, but I accept that the Government have made a judgment—that is what it is, a judgment—about whether changes to the rules will focus down on the particular companies that are investing. I accept what the Minister said about going back to the original aims of helping younger and growing companies, but because of the reduction in the incentive, it remains to be seen whether there will be enough money to do so. That remains to be proved.

John Healey: Amendments Nos. 10 and 11 would renew and make permanent the temporary rate of 40 per cent. income tax relief for investments in venture capital trusts. When the Government announced in the 2004 Budget a two-year temporary rate set at 40 per cent. to boost investments in venture capital trusts, it could not have been made clearer that it would expire on 5 April 2006. I made those points very clear in our Committee debates on the Finance Bill that year. It was intended as a stimulus to VCT investments and I am glad that the hon. Member for Fareham (Mr. Hoban) recognised how successful it has been over the past couple of years.

We have seen record investment in these two years with fundraising of £520 million in 2004–05 and more than £700 million in 2005–06. That record fundraising investment led to substantial growth in the VCT industry, in the number of venture capital trusts and in the number of fund managers. I am sure that the hon. Member for Fareham would accept that it is unreasonable to expect the industry to continue this exponential growth and record fundraising increases every year. What it requires now is stability and our proposals are intended to provide just that.

Mr. Newmark: I am sure that the Financial Secretary will go on to deal with some of the points that I made earlier, but I am concerned about his perverse logic. The Government should rightly be congratulated on providing a stimulus for the venture capital trust industry by increasing the tax relief from 20 to 40 per cent. That resulted in clear success, with growth in the sector increasing from £500 million to £700 million. I do not understand why changing the rules will mean the continuance of success, particularly when it was the tax stimulus that helped the industry become a success in the first place.

John Healey: It was just that. It was set at 40 per cent. for two years; it was due to revert at the beginning of April to 20 per cent.; and our judgment now, backed up with a proposal, is that a 30 per cent. rate of income tax relief for VCT investments is appropriate. It represents an increase of 10 percentage points on the original relief rate. As the hon. Member for South-East Cornwall

[John Healey]

(Mr. Breed) said, that is our judgment in the circumstances. We believe that it will help to ensure a sufficient and stable level of fundraising in the years to come and that it will therefore help to support a sustainable VCT sector in the years to come. It is designed, in response to the issues raised by the hon. Member for Fareham, to be a settled rate. As we discussed in the last group of amendments, it is also important carefully to monitor the application of the VCT schemes and the impact of the package of changes that we are introducing. It is right to keep under review, as we do with all taxes, the operation and impact of the scheme.

Mr. Hoban: I hope that I am not about to pre-empt the Minister's next comment, but will he reiterate the Chief Secretary's commitment last week on Second Reading that the rate is designed to last the life of this Parliament?

John Healey: I am explaining that it is designed to be a new, settled and more generous rate than existed in the scheme previously when it was set at 20 per cent. The hon. Member for Braintree (Mr. Newmark) believes that that is not generous enough, but let me put it to him again that this package of reforms related to clause 91 is costing the Exchequer more, not less, in respect of the support it gives to venture capital schemes. It is an additional annual cost of £15 million, amounting to a total annual cost from this year of £220 million of support for venture capital schemes.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Hon. Members of all parties agree on the importance and desirability of investment in venture companies. Clearly, the ultimate measure of success will be the return that the Exchequer gets on its own investment when the companies come to maturity and are able to pay back to the Treasury in tax. Has any estimate been made—I understand that it is early days—along those lines about what sort of return can be expected from the Government's investment when these companies mature?

3.30 pm

John Healey: The hon. Gentleman would not expect the Treasury to micro-monitor the performance of investments by VCTs at that level, but we assess the overall impact of such schemes. That is an important feature of Government accountability, to which I expect hon. Members to hold us.

The amendments would introduce a permanent 40 per cent. rate of income tax relief, which does not offer a sustainable position for VCTs or a cost-effective position for UK taxpayers. On that basis, I hope that the hon. Gentleman will withdraw the amendment. If not, I must ask my hon. Friends to vote against it.

Mr. Hoban: I thank the Financial Secretary for his response to the debate. I am concerned whether the move from a 40 to a 30 per cent. rate will create a stop-go environment within the VCT sector. Other hon. Members have already referred to boom and bust, because the sector has gone from bust to boom, and we cannot know what will happen next until the end of this financial year.

I have taken on board the Financial Secretary's comments about keeping the matter under review. However, I do not think that his reassurances about the 30 per cent. rate were as copper-bottomed as those provided by the Chief Secretary on Second Reading, and it is important that reassurance is provided. I do not know whether there will be an opportunity on Report for the Financial Secretary to introduce amendments to make it clear in the Bill that the 30 per cent. rate will see us through until the end of this Parliament, because the sector expects the 30 per cent. rate to hold throughout this Parliament. However, given the Financial Secretary's comments, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Hoban: I beg to move amendment No. 12, in schedule 14, page 76 [Vol II], leave out lines 1 to 13.

The amendment probes the third element of the change to VCTs. Until the Finance Bill was introduced, investors in VCTs benefited from the full income tax relief, if they held their investments for at least three years. The Finance Bill lengthens that holding period to five years, which is one of three measures that could impact on the attractiveness of that form of investment in the VCT market and consequently the flow of funds into VCTs and therefore into small and growing businesses.

Again, I shall quote Mr. Robert Drummond, who is a former chairman of the British Venture Capital Association:

> "With the 30 per cent. income tax relief rate the Chancellor has found a compromise between maintaining the current level and returning to 20 per cent., but this change together with the increase in the minimum holding period from three to five years, appreciably alters the risk-reward profile of private equity investment by personal taxpayers."

In the context of the interlocking web of proposals, Mr. Drummond is arguing that the holding period may have the impact of discouraging investment in VCTs.

I can see the benefit for VCTs and companies that receive investment of increasing the holding period from three years to five years, which will give both the VCTs and the companies reassurance, stability and the ability to plan for the long term. However, it is difficult to strike a balance, because one might end up with a scheme that is perfect for the interests of the companies and VCTs but that is not sufficiently attractive to investors.

I seek an explanation from the Financial Secretary on why the five-year period was chosen—the next amendment proposes lengthening the holding period—before a VCT investor can gain the full benefit from the reduced tax relief.

Mr. Dunne: I want to support amendment No. 12 and make a couple of observations from my experience about the investor base in VCTs. Increasing the holding period for an investor from three years to five years will unquestionably reduce the attractiveness of the investment to private investors. Investors in VCTs are, by definition, individuals who have reached a certain stage of maturity in their investment life. I hesitate to say that the majority of those individuals are pensioners, but

judging by those who turn up at the annual general meeting of my VCT, the majority who take an active interest are pensioners, although that may be because they have readily available leisure time in which to attend AGMs.

The manager of the VCT group with which I am involved has analysed the average age, investment expectation and holding period of investors in VCTs. People invest in VCTs for a number of different reasons: some are interested in capital appreciation in a tax-free environment; some are interested in income in a tax-free environment; and some are interested in a combination of the two. However, the notion that they would put at risk the tax relief available on their initial subscription if they were to seek to sell their holding within five years will undoubtedly lead a number of investors to move away from VCTs. Those investors will not necessarily include larger investors, who have further opportunities for portfolio diversification and may invest primarily for the tax reliefs, but a lot of small investors want exposure to smaller companies and feel that they are doing what the Government want by helping to finance young, energetic companies run by entrepreneurial people, which contributes to the growth and revival of the British economy. Indeed, some people choose to invest in VCTs for altruistic reasons. Increasing the holding period is the most significant measure among those proposed by the Government to change the VCTs regime, and it will restrict the attractions to investors and therefore limit the Government's policy objectives.

John Healey: We propose to lengthen the shareholding period for investments in VCTs following formal and informal representations from the VCT industry, which is the direct answer to the hon. Gentleman's question about the five-year period.

Mr. Andrew Holmes, chairman of Quester Capital Management Ltd, is not untypical. He wrote to the Chancellor in January, suggesting that we reinstate the original five-year holding period, which he described as one method of

"making the whole scheme more clearly matched to the realities of building young companies over the longer term".

I point out to the hon. Member for Ludlow (Mr. Dunne) that that is the principal purpose of those schemes. There was an interesting reaction from the industry on the holding period. Ben Yearsley of Hargreaves Lansdown said:

"It means there will be fewer short-term investors hoping to making a quick return—that is not a bad thing."

The announcement was widely welcomed. *The Sunday Times* reported:

"The increased holding time had been welcomed by advisers, many of whom believed that the three-year rule encouraged investors to think of VCTs as short-term investments when they really should be held for a longer time".

Unlike the application of the 70 per cent. rule, which, after April 2007, will apply to all funds, including funds raised before this financial year, the change to the holding period will apply to new funds, not to funds raised before 6 April 2006. There is broad consensus in the investment community that the change is positive: equity investments in small firms need to be longer term to provide stability for the firms in receipt of investment, and sufficient time is required to generate genuine gains for the investor. I hope that the House accepts those arguments and the fact that we are making the right changes in clause 91. I therefore hope that the hon. Member for Fareham will withdraw his amendment.

Mr. Hoban: In response to my hon. Friend the Member for Ludlow (Mr. Dunne), it is a relief to discover that there are similarities in the audiences who attend the AGMs of all sorts of organisations, whether they are VCTs or otherwise. It is reassuring to learn from the Financial Secretary that managers of VCTs have responded to the proposal, and have encouraged the extension of the holding period. As I explained, I understand why they sought that extension. As was said earlier, it is important that we ensure the stability of the VCT industry. On that note, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Hoban: I beg to move amendment No. 5, in schedule 14, page 77, line 3 [Vol II], at end add—

PART 6

INHERITANCE TAX

9 In section 104(1)(a) of IHTA 1984 for "(b) or (bb)" substitute "(b) (bb) or (bc)".

10 In section 105(1) of IHTA 1984 after subsection (bb) insert—

"(bc) eligible shares in a venture capital trust as defined by section 842AA(14) of the Taxes Act 1988;"

PART 7

LONGER HOLDING PERIODS

11(1) Schedule 15B to The Taxes Act 1988 is amended as follows.

(2) In paragraph 1, after subparagraph (2) insert—

"(2A) An individual shall also be eligible for relief in the 6th year after subscribing for eligible shares if those shares are held by him at the 6th anniversary of the subscription.

(2B) The amounts on which an individual shall be taken for the purposes of sub-paragraph (2A) above to be eligible for relief shall be the original subscription amount for such shares.

(3) In paragraph 3(1)(b) leave out "those shares were issued to that individual" and insert "the shares became eligible for relief under paragraph 1(2) or (2A) above. But relief claimed for a subscription of eligible shares more than five years before the date of disposal shall not be withdrawn."'.

Briefly, the amendment falls into two parts, and I shall deal first with proposed new paragraphs 9 and 10. The VCT sector faces a challenge, and we must encourage a secondary market in VCT shares. As we know, the initial subscriber benefits from tax relief, but subsequent purchasers do not. I am not suggesting that income tax relief should be made available to subsequent purchasers, but we should consider an inheritance tax treatment of shares in VCTs, as that could make them more attractive to purchasers in the secondary market by extending the IHT treatment to the underlying shares or the investments in unlisted companies. Shares in such companies qualify for relief from IHT business property relief, and the proposal would obviously increase their attractiveness to investors by encouraging them to hold on to them. I wish to encourage the secondary market and discourage initial investors from realising their investment by building on the stability that we discussed earlier.

[Mr. Hoban]

Holders should therefore be encouraged to retain those shares in their estate in the knowledge that the business property exemption rule applies to shares in VCTs.

Secondly, part 7 represents a return to the subject of amendment No. 12, which dealt with the extension of the holding period from three to five years, but it approaches it from the opposite direction. Is five years too short a period? Should we incentivise investors to hold shares for a longer period of up to 10 years and stagger relief, rather than providing it up front? This probing amendment is therefore the second part of my argument. I should be grateful if the Minister commented on the appropriateness of the IHT treatment of shares in VCTs, and highlighted the treatment of the underlying shares in which VCTs invest.

3.45 pm

John Healey: As the hon. Member for Fareham (Mr. Hoban) said, the amendment probes the notion of introducing inheritance tax business property relief for shares in venture capital trusts. It aims, too, to introduce a second tranche of income tax relief for investments in VCTs on the sixth anniversary of an individual holding that investment, but neither of those proposals would benefit the VCT scheme. A second tranche of income tax relief would not encourage any additional investment in small growth companies, and it would not contribute anything to the objectives of the VCT scheme. The hon. Gentleman will accept that his amendment involves a substantial deadweight cost, as it would provide an unnecessary incentive to investors in VCTs that were performing well. More worryingly, it would create an incentive for individuals to maintain their shareholdings in poor-performing VCTs, instead of exiting the investment for solid commercial reasons at the appropriate time. The amendment would not restrict relief to new shares, but it would enable existing investors to claim additional relief without contributing further funds—a cost that the Government cannot justify.

On the inheritance tax proposal, income tax relief is the best incentive for investments in VCTs, as it is available and attractive to the widest possible pool of investors—something that cannot be said of the inheritance tax relief proposed by the amendment. Finally, on inheritance tax, VCT shares are quoted shares listed on the main market of the London stock exchange. Quoted shares currently qualify for inheritance tax business property relief in the exceptional circumstance that the quoted company is still in family control. That is clearly not compatible with VCT schemes, so we do not accept that there is a case for an extension of business property relief to the VCT scheme. On that basis, I hope that the hon. Gentleman will withdraw his amendment but, if he does not do so, I urge my hon. Friends to vote against it.

Mr. Hoban: Once again, I am grateful to the Financial Secretary for setting out the Government's case for not extending IHT relief by designating VCT shares as business property. I accept his argument, as well the argument about changing the structure of the income tax relief available to investors who held their shares beyond the sixth anniversary. Bearing in mind his explanation, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Schedule 14 agreed to.

Clause 106

CONDITIONS FOR COMPANY

Mr. Mark Francois (Rayleigh) (Con): I beg to move amendment No. 24, in page 97, line 13 [Vol I], at end add—

'(1A) Not later than 31st March 2007, and annually thereafter, the Chancellor of the Exchequer shall lay before Parliament a report of the number and estimated market capitalisation of the companies that have given notice to register as Real Estate Investment Trusts under section 109.'.

The Second Deputy Chairman of Ways and Means (Sir Michael Lord): With this it will be convenient to discuss the following amendments: No. 4, in page 97, line 23 [Vol I], at end insert

'or are permitted to be dealt in on the Alternative Investment Market of the Stock Exchange.'.

No. 23, in page 97, line 24 [Vol I], leave out subsection (6).

Mr. Francois: Clause 106 is arguably the key part of part 4, in that it defines some of the principal conditions that companies must meet in order to qualify for real estate investment trust—REIT—status. That is why we selected it for debate in a Committee of the whole House. I am sure, however, that we will have plenty of opportunity to explore the other 42 clauses relating to REITs in more detail upstairs in Committee. I look forward to debating the subject with the Economic Secretary in a few weeks' time—I genuinely hope that it will be him.

As I said on Second Reading, Her Majesty's Opposition welcome the introduction of REITs in principle, having pressed the Government to adopt such a structure for several years. However, we are generally concerned to get the detail right, and we will table amendments that are designed to ensure that, from the outset in January 2007, the concept operates in the positive interests of the United Kingdom economy. That also applies to the amendments that we are debating today.

My first question to the Minister concerns the detailed regulations that the Government have offered to provide, which are designed to fill out some of the detail of how the provisions in the Bill, including clause 106, will operate in practice. When are those regulations likely to be published? Specifically, are they likely to be available before the Bill goes into Standing Committee next week? It would obviously be beneficial to have sight of the regulations, and ideally some time to digest them and consult on them, in order to give context to many of the clauses that we will subsequently be expected to debate upstairs. I am not alleging any skulduggery on the part of the Government, but merely saying that it would be handy to have a definitive date for when the regulations are likely to be published. Perhaps the

Minister can seek inspiration on that point and let the Committee know before we conclude our proceedings on REITs.

The concept of REITs has been around for some time, having been introduced in the United States as far back as the 1960s. Similar vehicles exist in several other countries, including Australia, Japan and European countries such as France. Germany is also in the process of considering the introduction of a REITs regime, although I understand that its preparations are not as far forward as our own.

In essence, a REIT is designed to facilitate collective investment in property, which by its very nature often requires large amounts of capital. REITs will enjoy key tax advantages that create a transparency between the ultimate investors and the underlying investments, and they will be exempted from corporation tax on property income and from capital gains. In return, REIT companies must meet certain key conditions, including that 75 per cent. or more of their assets must be investment property, that 75 per cent. or more of their income must be rental income, and that at least 90 per cent. of their profits must be distributed as a dividend to their investors, who will then be taxed on those dividends as property-related income. As the explanatory notes to clause 106 state:

"The company conditions are designed to restrict the scheme to publicly listed companies with their equity and debt finance arranged in such a way as to ensure that tax-exempt profits are paid out to shareholders as taxable profits under Schedule A."

However, the Government have laid down in clause 106 several additional conditions that a company must meet in order to qualify for REIT status and the attendant tax benefit that it confers. Those six key qualifying conditions can be summarised briefly as follows. First, the REIT company must be resident in the United Kingdom. Secondly, it must not be an open-ended investment company—an OEIC. Thirdly, it must be quoted on a recognised stock exchange. Fourthly, it must not be a close company. That is usually defined as being controlled by five or fewer people, but I give the Minister notice that there is a particular technical point on that, to which I want to return in a few minutes. Fifthly, it must have only one class of ordinary shares, plus potentially only non-voting fixed-rate preference shares. In other words, it must be confined to only those two types of share capital. Sixthly, its borrowing must effectively be limited to reasonable commercial terms.

There is an additional point about the specific importance of the clause 106 conditions. Some other conditions for which the Bill provides, such as the income acid test and the gearing restriction, if breached, do not necessarily result in the withdrawal of REIT status. However, the strictures of clause 106 conditions could be harsher in that a breach would result in a company being expelled from the REIT regime. To use a footballing analogy, a breach of some of the non-clause 106 conditions can result in a booking—a yellow card—but a breach of one of the clause 106 conditions is currently a sending-off offence. A company would be red-carded for such a breach.

Given the added importance of those conditions, our amendments are designed to elicit further information from the Government about how some of them would work in practice and whether any flexibility is envisaged for their operation. As we know from the consultation exercise, flexibility has been introduced for interpreting some of the other conditions in the Bill.

Amendment No. 4 would expand a third of the qualifying conditions in clause 106 to include property investment companies that are listed on the alternative investment market of the stock exchange, or AIM, as it is more popularly known. I understand that there was something of a problem for the property industry during the consultation process. We are therefore understandably keen to press the Government on their thinking on the matter. We have received some representations about expanding the concept even for unlisted companies. However, for the moment, we have decided to confine ourselves to pressing the matter in relation to AIM.

AIM-listed companies already provide a legitimate form of collective investment, so why have the Government decided to exclude them from the REIT regime from the start? On a practical level, property companies that are registered as REITs are likely to enjoy significant tax advantages over those—usually smaller—companies, that are denied the advantages that REIT status confers. There could therefore be considerable consolidation in the market as REITs take over other property companies, such as those on AIM, which cannot qualify for REIT status. That is potentially unfair and, over time, could mean that the UK property market was increasingly dominated by a relatively small number of large REIT companies. I presume that the Government did not intend that. We would move in the direction of an oligopolistic market and I am not sure that Ministers want that.

Moreover, AIM-listed companies might come under pressure to convert to a full stock exchange listing before they were ready for it, principally to qualify for REIT status, thus potentially causing a distortion in the orderly evolution of the market sector. Why not, therefore, expand the condition to cover at least AIM-listed companies, which meet all the other conditions that the Government have set, and thus facilitate greater diversity in the REITs market available to investors? There is a strong common-sense argument for doing that.

The British Property Federation has provided a note on the subject. It argues:

"The property industry in the UK believes the consequence of limiting REITs to listed companies will be to unnecessarily limit the development of REITs because it heightens the barrier for new entrants to the UK REIT regime and as a consequence makes it that much more difficult for new REIT companies to form. Clearly, this has consequences for those seeking to establish new investment vehicles in traditionally under-invested property markets, such as the residential private rented sector."

I am sure that the Government want to boost the residential private rented sector, not least to provide a supply of housing for those who find it difficult to obtain somewhere to live. It is worth bearing in mind that the BPF is intimating that, if the companies are not allowed to obtain REIT status when they are on AIM, that might hinder the objective that I outlined.

Furthermore, the BPF points out:

"The restriction is particularly difficult to understand when there are alternative markets that are an established feature of the UK collective investment market, including for example the Alternative Investment Market. AIM is specifically designed to help emerging companies that wish to be open to public investment yet would find it difficult to sustain themselves on a recognised stock exchange at an early stage in their development. The proposed Amendment"—

[Mr. Francois]

that is, our amendment—

"seeks therefore to open up the current Clause 106 legislation to allow companies listed via AIM to convert to REIT status. This would enable the development of new or smaller companies into the REIT market and thus help to ensure REITs are a sustained successful investment vehicle across the property markets."

4 pm

The BPF summed up its position on this question in the following terms:

"In summary therefore, our main concern with Clause 106 as it is written is that while it is likely that a number of existing listed property companies will convert to the new REIT regime, the provisions do not cater for the growth and enhancement of this market which will in turn bring forward investment benefits and opportunities to improve the quantity and quality of property investment in underinvested markets. In short, by so restricting the rate regime to only 'recognised stock exchange' listed vehicles the government may inadvertently smother the ability of the market to develop."

I should say to the Minister that I do not think that that is in any way polemical or over the top. I genuinely believe that it is a perfectly reasonable point.

On 5 April 2006, the *Financial Times* published a special supplement entirely devoted to the subject of REITs, and it made very interesting reading. It gave a generally positive welcome to the concept. However, it also contained an article by Peter Damesick, the head of research at C.B. Richard Ellis, which was interestingly entitled:

"Distortions the Government needs to remove".

In it, Mr. Damesick argued the following:

"The rules further limit the pool of potential Reit creators by excluding companies listed on the Alternative Investment Market (AIM). An AIM listing could serve as an incubator for small Reit start-ups, potentially capable of growing into larger Reits with a full stock market listing. The hurdles put in the way of Reit creation stand in marked contrast to the provisions introduced in the US in the early 1990s to enable the easy transition of private property companies, trusts and partnerships into the listed Reits sector."

Importantly, he then adds:

"These proved fundamental to the US market's subsequent rapid growth."

The *Financial Times* estimates that more than $300 billion is now invested in US REITs, and notes that spreading the listing base for the concept was important in generating that substantial degree of investment. That is presumably something that the Government would eventually like to emulate, at least on a relative scale for the United Kingdom. I think that $300 billion worth of investment in UK REITs within the first couple of years might be a rather ambitious target. Nevertheless, I am sure that the Government want to encourage as much investment into UK REITs as is practically possible. I would therefore stress to the Minister that the US experience has shown that widening the listing base has been instrumental in encouraging additional investment and in getting the concept to take off. I am informed that it was in the 1990s that it really took off in the United States.

The alternative investment market is generally regarded as a success story and, if the Minister will allow me to say so, it was a Conservative Government who introduced it in 1995. We would like to make REITs a success story too. Therefore, we would genuinely like to know why the Government are reluctant to consider expanding the REITs concept to the alternative investment market. We would like to hear their explanation. If they will not concede this point this afternoon—I hope they will—will they at least make a commitment to keep the question under review once the REIT regime rolls out in practice next year, and to take another look at the matter once the regime is up and running? I look forward to hearing the Minister's response to this amendment with particular interest.

I turn now to the reasons behind our amendment No. 23, which relates to close companies. I should stress that this is a probing amendment, but it would, in principle, delete the fourth of the six qualifying conditions from clause 106. That condition is that a REIT must not be a close company, which is broadly defined as a company that is controlled by five or fewer people. If the other conditions remain in place and the company remains publicly quoted—either on the full stock exchange or AIM, as previously discussed—why, in principle, should a company be forced out of the REIT regime because it is controlled by five or fewer people? We would be interested to hear the Government's thinking. For instance, a company that breaches that condition would automatically be removed from the REIT regime. Companies might therefore be required to monitor their shareholdings continuously to ensure that the condition is not breached. Because the actions are to some extent outside the company's control, however, the management might not be able to anticipate or even prevent such a breach, even though, were it to occur, it might cost them their REIT status, and in some circumstances it might not be their fault.

During the consultation exercise, the Government conceded to some extent on a different condition whereby they originally intended to limit individual shareholdings in a REIT to 10 per cent. Some flexibility has been introduced into the Bill whereby regulations will restrict distributions to holders of more than 10 per cent of shares in a REIT but, interestingly, will apparently not remove REIT status if the 10 per cent. limit is breached, as the condition in clause 106 relating to close companies would.

The Government have therefore given way to some extent on the 10 per cent. limit, and we appreciate that they might be reluctant to allow a single shareholder to control a REIT. We understand that that was a particular concern of the Government's throughout the consultation process, and we are not challenging that point directly. There is a difference, however, between one and five. Can the Economic Secretary therefore explain why the close company condition is still such a necessary one, especially given that if a company fails to meet it just once during a year it might lose its REIT status automatically, which could cause uncertainty for both the company's directors and potential investors. Investors might be worried about putting money into a REIT company if they thought that they might inadvertently breach that condition and therefore lose the REIT status and some of the tax advantages conferred by it. That is a reasonably important point, and we genuinely want to probe the Government's thinking on it.

In addition, I want to raise a technical point in relation to amendment No. 23 and close companies, as I tried to intimate to the Economic Secretary when I began my remarks. A close company is defined in section 414 of the Income and Corporation Taxes Act 1988. Broadly, such a company is controlled by five or fewer shareholders. There are exemptions to that rule of thumb, however, as I am sure the Economic Secretary is aware. For instance, a company that would otherwise be a close company is not so if it is controlled by another company that is not close. As the British Property Federation, which has asked me to raise this question, has pointed out:

"As currently drafted the provisions would seem to catch shares held by an exempt pension fund as well as a non-close company. This is because section 414(5) is extended to pension funds by section 414(7)".

of the Income and Corporation Taxes Act 1988. The BPF assumes that that is intended, as do I.

As one of the intentions of REITs is, I presume, to attract investment by institutional investors, not least pension funds, it would be helpful to clarify that question, either this afternoon or perhaps when the guidelines are published. I admit that the point is rather technical, but that is partly what this process is for, and it would be helpful for pension funds particularly to have any uncertainty removed. Perhaps the Economic Secretary will seek some inspiration and respond on that question this afternoon. If not, perhaps we will hear from him when the guidelines are published—in the near future, I hope.

Amendment No. 24 asks for the Chancellor to prepare a report to Parliament by March 2007, and annually thereafter, on the operation of the REIT regime. The report should include the number of companies that have applied for REIT status, under the auspices of clause 109, and should also record their market capitalisation. The purpose is to monitor the initial operation of the scheme, and to report to Parliament on its progress

The first report would be due within three months of REITs' coming into force in January next year. I realise that that is quite a tight time scale, but there is an intention behind it. It would provide an early indication of the popularity or otherwise of the concept: we would see an early snapshot of the degree to which REITs are catching on in the United Kingdom. I think that that would be helpful, given that a number of people—not least Members of Her Majesty's Opposition—have been pushing the Government to adopt the concept for a number of years.

Once the idea has bedded in, it would also be helpful to have annual updates on its progress, not least so that we can assess whether REITs are generating the income for the Treasury that it has estimated will be forthcoming—chiefly from the entry fee for property assets which are being placed in REITs, which I think is now set at about 2 per cent. I appreciate that that fee can be paid in instalments over a period of four years, and that when we look at the figures for the first few years, if a number of companies that elected to pay in instalments are doing so, the full amount of money may not be recorded because some may only have paid part of the fee; but I think we can all allow for that statistical caveat. It would still be helpful information for the House, and indeed the market.

The Red Book estimates that the income from REITs to the Exchequer is likely to be some £320 million by the end of 2008–09. In other words, the Treasury thinks that REITs will raise about a third of a billion pounds between January 2007 and then. It would be helpful to have a specific reporting mechanism enabling Ministers to tell the House whether the targets had been met, allowing for the caveat relating to the four-year spreading of the 2 per cent. entry charge.

As I said at the outset, we want the scheme to be launched successfully in January 2007, and we are prepared to work positively with the Government to that end. I hope that the Economic Secretary will accept that commitment in the spirit in which it is genuinely offered.

Clause 106 forms a key part of the REITs regime in defining some of the headline conditions that a company will have to meet to qualify for REIT status and the attendant tax advantages that it confers. We want to press the Government on why the concept should not be expanded to include companies listed on the alternative investment market, why they think that close companies should be barred from REIT status, and whether they would consider producing an annual report on the progress of the concept once it is up and running.

I look forward to hearing from other hon. Members and, I suspect, from right hon. Members, following the speeches on Second Reading. I particularly look forward to the Economic Secretary's reply, to which I shall listen with interest.

4.15 pm

Julia Goldsworthy (Falmouth and Camborne) (LD): We shall deal with the broader issues connected with REITs during the stand part debate and during debates on the remaining clauses in the Standing Committee, so I shall attempt to be brief.

We think that amendment No. 24 provides a welcome way of assessing the impact of the number of commercial companies that register with the scheme. It addresses concerns that were raised more generally on Second Reading, when it was pointed out that many existing commercial property companies appear keen to convert to REIT status. The fact that there are large numbers of those companies indicates that the incentives for businesses to convert may be greater than the initial revenue figures in the Red Book suggest.

The Red Book figures show that the introduction of REITs will bring in revenues of £35 million, £155 million and £135 million, respectively, in the three years from 2006–07. Those revenues include the 2 per cent. entry charge that will be imposed on companies opting for REIT status, so the early years will flatter the fiscal position. The amendment would help to monitor the number of companies entering the scheme each year, but will the Minister provide a longer-term projection of predicted revenue?

Ultimately, companies will choose to become REITs if they forecast that their entry charges eventually will be outweighed by future tax payments. What work have the Government undertaken to assess the net impact of the introduction of REITs, in terms of entry charges and changes to tax revenues? The amendment would help us understand a little more about how the scheme affects behaviour, but we need a clearer understanding of the wider fiscal impact.

[Julia Goldsworthy]

I turn now to amendment No. 4. We do not want REITs to be extended to the alternative investment market at this stage, because we understand that their whole point is to provide a low-risk, stock market avenue for investment in property. The AIM carries a higher risk and is less regulated, and therefore undermines that principle. The fact that it lists a rather oddball property investment company based in Bulgaria underlines the need for caution, and points to the higher unknown risk that AIM investments could present. Last year's fiasco with self-invested personal pensions shows that it is important to get first principles right before consideration is given to extending the scope of the REIT scheme.

In the future, it may be appropriate to consider ways to make the scheme more flexible. The alternative investment market might achieve that, but it is important now to make sure that the REIT scheme is achieving what was intended and that it is functioning properly.

Mr. Francois: The SIPPs problem was the fault of the Government, not of AIM or the stock exchange. The hon. Lady had a bit of a pop at AIM, which most people think has been quite a success. Do the Liberal Democrats consider investment in AIM-listed companies to be unsafe in principle?

Julia Goldsworthy: Absolutely not. My point is that such companies are a higher-risk investment, whereas the REIT scheme offers people a lower-risk opportunity to invest in property. That is why it is not appropriate to include AIM-listed companies in these provisions.

Amendment No. 23 deals with the definition of a close company, and would remove clause 106(6), which prohibits a close company from becoming a UK REIT. A close company is defined in section 414 of the Income and Corporation Taxes Act 1998; broadly speaking, it is one that is controlled by five or fewer shareholders, as we have heard, but the definition in clause 106(6) is wider than was the case in the draft legislation, which contained a 10 per cent. shareholding restriction.

It is important that some form of restriction is retained, to ensure that no individual is able to invest in property for his or her personal benefit. That is why the close company restrictions have been included, but the reasonable concern has been raised that the Bill will require companies to monitor their shareholders continuously to ensure that the condition is not breached. Clearly, however, the actions of the shareholders are outside the REIT's control, and I would appreciate the Minister telling the House how a trust is supposed to anticipate or prevent such breaches.

We believe that deleting clause 106(6) altogether, as proposed in amendment No. 23, is too drastic and could make the scheme vulnerable to the abuse that is tax avoidance. However, if the clause is to be retained in its existing form, the Government will need to explain, perhaps in Standing Committee, how they expect REITs to monitor and enforce the regulations. They should also specify the penalties if the conditions are breached, because automatic exclusion of a trust could increase the risk associated with investment and serve to put investors off.

This matter would benefit from consideration in Standing Committee, where we could study the details more closely, in conjunction with the other clauses relating to REITs. We share some of the concerns behind the amendment, and look forward to the Minister's response.

Sir George Young (North-West Hampshire) (Con): I begin by commending my hon. Friend the Member for Rayleigh (Mr. Francois) on his thoughtful and well-informed speech. I refer, as I did on Second Reading, to my entry in the Register of Members' Interests.

I hope that the Minister will be able to respond to one matter raised by my hon. Friend; the elephantine gestation period for real estate investment trusts. We spent most of yesterday discussing some ill-considered proposals in the Finance Bill that were rushed through with the minimum of consultation, whereas today we are debating a relatively non-controversial proposal that has all-party support and has been around for about 10 or 12 years.

It would be helpful if on clause stand part, in response to the debate, or in Standing Committee the Minister responded to some of the matters that were raised on Second Reading but which, understandably, he did not have time to address. Will he say why we have had to wait so long for a proposal that is not particularly controversial, which replicates the investment trust regime and REITS, and which, as my hon. Friend said, exists elsewhere?

I shall make two points; the first is on dead-weight costs, which were mentioned in the Financial Secretary's winding-up speech in the previous debate. I do so in the context of amendment No. 24, which asks for an annual report. Do the Government believe that REITs will simply be a new vehicle for existing activity or a vehicle that encourages additional activity that would not otherwise take place?

My impression from reading the consultation papers and some of the debates on the subject is that most of the interest in REITs comes from existing, well-established companies that envisage reversing into REITs and carrying on doing roughly what they were going to do before. The original concept of REITs was somewhat different, however; it would be a new vehicle that promoted additional investment that would not otherwise take place.

I was interested to read what my hon. Friend and the hon. Member for Falmouth and Camborne (Julia Goldsworthy) said about the AIM market. My hon. Friend said that new supply and additional investment are more likely to come from smaller companies that want to grow than from well-established companies that may simply be holding companies for existing assets rather than developers. The argument about AIM is finely balanced but which side one comes down on depends to some extent on what one sees as the objective of that vehicle.

It would be helpful if the Minister explained either in the annual report that I hope we are about to impose on him or, more economically, in his response to the debate, to what extent the proposal is a new badge on something that is already happening or an opportunity for fresh investment that would otherwise not have taken place.

My second point is on the balance between commercial and residential investment. I touched on the matter on Second Reading and I hope that it will be raised in our debate on the proposed report in amendment No. 24. As I said on Second Reading, the original thought behind REITs was to promote residential investment, where there is more pressure on the demand side; one cannot directly invest in residential property, whereas there are several vehicles for investing in commercial property.

Although the original thrust of the debate about REITs was on the residential side, at some point it was diverted into a preoccupation with the commercial property side. I have nothing against that. I am in favour of the proposal, but the Barker report, in which the Treasury had an enormous interest, was very interested in promoting additional supply on the residential side. So far, we have not heard from the Government on the extent to which they hope that REITs will feature by generating fresh, respectable, long-term institutional investment in residential property for rent as opposed to being a vehicle for commercial properties.

In conclusion, I hope that we can tempt the Minister into philosophical mode and into raising his sights beyond the nitty-gritty of the amendments and that he will put the clauses into the context of where the Government are heading, what they hope to achieve, and the balance between residential and commercial property.

Mr. David Gauke (South-West Hertfordshire) (Con): There is a great deal of consensus on this issue. All parties want REITs to come in and they want the idea to succeed.

The Government have set out in their regulatory impact assessment some of the reasons for REITs and it specifically focused on the weaknesses within the property market and the areas where they could be improvement. In particular, it highlights the lack of choice for small investors, poor liquidity, the potential for more efficient use of commercial property, variable standards of provision in the private rented sector, high levels of debt financing and tax distortions. The Government's intention is to address those problems through the use of REITs. Paragraph 2.8 of the RIA states:

> "The Government believes that the proposed vehicle addresses all of the above points by introducing more choice for small investors, allowing more liquidity in the market, giving potential for more efficiently and professionally managed property, reducing dependency on debt for financing and removing tax distortions."

I do not think that anyone would particularly disagree with that.

We can also add the other factors that are favourable for REITs. There is a growing appetite for such products and their introduction should be good for the City of London and make it the leading REIT centre in Europe. We would all welcome that.

As my right hon. Friend the Member for North-West Hampshire (Sir George Young) pointed out, however, it has taken a great deal of time for us to get where we are. The idea of REITs has been around for a long time. In recent history, the industry made a great push to introduce them in 2000. That was unsuccessful, but the move was revived in 2003. Since then, there have been various discussion papers, culminating in this year's Budget with a view to the first REITs being available in January 2007. I used to work as a lawyer in a City firm and I know from personal experience that there was a great deal of expectation a couple of years ago that REITs were about to take off. Everyone was gearing up to prepare for that. However, the move slowed down and nothing very much happened.

There are one or two concerns about the delay. In that period, a lot of money has gone offshore. In particular, a number of Jersey property funds have been created that catered for something that perhaps could have been catered for by REITs. That is a concern for the City and a worry for us all. We are, to some extent, playing catch-up. In the past couple of years, Jersey has been able to develop as a market in this sector and it has gained reputational benefits perhaps at the expense of ourselves, because we are slightly behind the game.

It is important that we get the legislation absolutely right, because there is also the concern that the delay may in some way indicate the Government's half-heartedness. I hope that, by scrutinising the Government's position in this debate and upstairs, they will be able to make it absolutely clear that they are committed to REITs and see them as a long-term prospect.

Yesterday, we discussed issues such as the home computing initiative, in which something comes in with a tax incentive that is then taken away. That leads to a degree of uncertainty that is bad for investors and the industry. When there is uncertainty and changes, we do not attract the same level of investment. It is important for businesses to look long term and Governments—particularly this Government—move in a short-term fashion. I hope that we will in the debate obtain reassurance from the Government on their attitude to REITs.

It has to be said that there are positive aspects to the proposals. There is no doubt that the 2 per cent. conversion charge is what the British Property Federation was looking for. There is no criticism of the Government for introducing that. It is encouraging, and I hope that the Economic Secretary will continue in that vein later in the debate. It is important that we get this right and that we have close scrutiny of the proposals to ensure that there is a long-term commitment and that we do not have to change things in a couple of years. That would lead to the stability that would enable the REIT market to develop.

Turning to the amendments, I will address the issue of the alternative investment market. With a number of colleagues, I had a meeting with representatives of the London stock exchange just a week or so ago. The message is that AIM is a great success story. It has really taken off. The number of companies listed on AIM has expanded very rapidly in recent years and it has been a very useful attribute to the London stock exchange. We have, in the City institutions, something that we can be proud of and that is hugely important to the economy of this country. I hope that no hon. Member will suggest, in the course of the debate, that AIM is in some way dodgy or disreputable, or in any way something that we should be slightly embarrassed about. There may well be good arguments as to why REITs should not be listed on AIM, although, on the face of it, many REITs will be

[Mr. David Gauke]

quite small entities and one would think that perhaps it might be appropriate to list them on AIM. I would be grateful to hear the views of the Economic Secretary on that point.

4.30 pm

John Thurso: I should declare my entry in the Register of Members' Interests. I own 2 per cent. of an AIM-listed company; it has not done very well. Surely the point is that although AIM is an excellent market that has fulfilled its remit extremely well and is therefore to be congratulated and supported, there are a number of important fund managers—particularly in the case of pension funds—who, for reasons of policy, decide not to invest on AIM and to confine their investment to the main market.

The point of REITs is, among other things, to give those fund managers an opportunity to invest in an investment vehicle for property without the risk of being in a property company with developments, or being directly involved in property. Therefore, is it not perfectly appropriate to commence the scheme on the main market first, see how it goes and then extend it at a later stage to AIM, if thought fit?

Mr. Gauke: The hon. Gentleman may have a fair point, but perhaps the decision as to whether it is in the interests of a particular company to list on AIM—he may well be right that in many cases it will not be because certain investment managers will not invest in AIM-listed companies—should be left to the company itself, rather than necessarily including that matter in the rules. However, as I said, I would be interested to hear the views of the Economic Secretary.

If we are considering REITs as a whole, one question that needs to be looked at in the longer term is whether we go further than listing on AIM and allow room for unlisted REITs. I know that the Royal Institution of Chartered Surveyors is looking at that as perhaps the next step. Again, I would be interested to know what the long-term views are.

Mr. Newmark: It may be instructive to look at the United States, which has a far more mature real estate investment trust market, where unlisted REITs outnumber listed REITs by a proportion of four to one.

Mr. Gauke: That is an invaluable point and I am most grateful to my hon. Friend for his knowledge and insight into all things financial and all things American.

On close companies, which my hon. Friend the Member for Rayleigh (Mr. Francois) addressed so thoroughly, one can look at that issue in conjunction with the 10 per cent. ownership rule, which, to use his terminology, falls within the yellow card regime as opposed to the red card regime that applies to close companies. One of his points was that REITs are not a unique product in the sense that there are many international comparisons. We have just heard a comparison with the United States from my hon. Friend the Member for Braintree (Mr. Newmark). It might be worth while to examine some of those international comparisons, because there are different regimes in different countries.

On the internet this morning, I spotted a document produced by Ernst and Young, which is a summary of the tax treatment of REITs internationally. I will quote from it, but I should issue a word of warning; this is by no means a criticism of Ernst and Young. In my previous career as a lawyer, I was involved in collating international advice from various jurisdictions and then trying to summarise it in one document.

That task is notoriously difficult to perform. We are dealing with a complex area, and it is often difficult to simplify information and obtain advice from jurisdictions in which there may be language difficulties and considerable differences that are not always appreciated when one person is collating information. However, it is interesting to note the different requirements on ownership, which relate directly to the question of close companies.

In Australia, there are no minimum or maximum shareholder requirements. However, other international regimes impose more limitation or control on the ownership structure of a REIT, or equivalent vehicle, than that proposed for the UK. For example, the document says that, under the Canadian system, real estate investment trusts

"must be qualified for distribution to the public and must have at least 150 unitholders",

which is a considerably larger number. A rather different situation applies in Brazil. The document states:

"Construction companies may not hold a greater than 25 per cent. participation",

but there otherwise does not appear to be any great qualification. If hon. Members are interested in Costa Rica, the document says that "25 or more investors" are required, as I am sure that the Economic Secretary is well aware.

In Israel, the document says:

"At least 50 per cent. of the company's voting rights should be held by more than five shareholders".

My hon. Friend the Member for Rayleigh said that Japan already has a relatively mature REIT market. The document says that, in Japan, the

"three largest investors must own less than 50 per cent. of the units"

and that the

"10 largest investors must own less than 75 per cent. of the units in order to be listed on the Exchange".

In Korea, the document says:

"No single shareholder (including its related parties) is permitted to own more than 30 per cent. of shares".

The situation in the Netherlands is especially complex. The document says that for listed REITs, a

"Shareholder that is a Netherlands corporation must own less than 25 per cent. (directly or through related entities)".

It continues to say that a

"Shareholder that is an individual must own less than 25 per cent.".

With regard to unlisted REITs, it says:

"Shareholders that are taxable corporations (either Dutch resident or foreign) must own together less than 25 per cent.",

that a

"Shareholder that is a Netherlands corporation must own less than 25 per cent. (directly or through related entities)"

and that a

"Shareholder that is an individual must own less than 5 per cent."

Different rules thus apply in various jurisdictions and the area is complex. There is evidence from overseas that one could pray in aid of the amendment on close companies but, equally, evidence of more restrictive overseas requirements on the ownership of a real estate investment vehicle.

It is important that we get some indication of where the Government intend to go with this. On ownership, I believe that the purpose of the 10 per cent. rule is to prevent double tax treaties being used to facilitate overseas investors acquiring more than 10 per cent. and thus enabling them to benefit from double tax treaty provisions that would reduce their tax liability. I would be interested to know whether the Government are considering expanding the proposal, especially for specific vehicles, such as pension funds, which I understand, as a matter of practice, do not to tend to pay tax on properties in the UK in any event. Are negotiations taking place with other countries on double tax treaties to try to expand the area so that REITs fall outside it, which might enable the 10 per cent. provision to be raised a higher level, such as 40 per cent.?

The Government have at last progressed this matter, and we all recognise that that is a good thing. The signs are that the Government have listened to industry, particularly on the conversion charge not causing difficulties. Effectively, they have given the industry what it wanted. During this afternoon and in future we require a firm commitment from the Government that they will not abandon REITs if they find in two years' time that REITs are costing a bit of money. We do not want REITs to be struck out like a home computer initiative of its day. The industry requires a long-term commitment. I hope that the Government will be able to demonstrate that they have that commitment during the debate.

Mr. Newmark: Real estate investment trusts, when they were originally conceived as property investment funds, were intended to stimulate investment in the residential market, as my right hon. Friend the Member for North-West Hampshire (Sir George Young) said earlier. There has been some debate over whether that objective is still feasible or whether the Government think that it is still desirable. However, whatever the main focus of REITs is to be, it is clear that if they are to be successful in this country, as they have been abroad, they must be just as flexible as those elsewhere. I believe that that is a point that my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) has been making in tremendous detail. I congratulate him on his sense of detail in addressing the issue.

The need for flexibility is taken up in amendment No. 4, which my following remarks will solely address. The decision to impose a requirement that REITs should be listed on the stock exchange has been a controversial one. The issue was discussed at length during the consultation process. The Treasury discussion paper, which was published in 2005, acknowledged that respondents had expressed widely differing opinions. Nevertheless, the Government concluded that a transparent REIT market was best founded upon a listing requirement.

It was accepted, however, that some advantages lay in allowing unlisted companies. All these benefits relate to the original justification for introducing REITs. They include the need to increase flexibility in market access by smaller or more specialised funds, especially those in the residential sector. A comparison with the US is indicative of the problems that may be caused by imposing a listing requirement.

There are about 190 REITs registered with the Securities and Exchange Commission in the United States that trade on one of the major stock exchanges. In addition, about 20 REITs are registered with the SEC but are not publicly traded. This is in contrast to about 800 REITs that are not registered with the SEC and are not traded on any stock exchange whatsoever. Listed REITs are therefore outnumbered 4:1 in the United States, which is a more mature and experienced market. I hope that the Government take that fact into account.

Statistics help to explain why commentators remain critical of the Government's decision to impose a listing requirement on UK REITs. The Royal Institution of Chartered Surveyors said:

"A successful REIT market should have both listed and unlisted vehicles in order both to allow maximum choice to investors of differing experience and size, and also to provide a pooling facility for smaller REITs to develop outside a listed market until such time as they are ready and able to go public—this should be particularly helpful for smaller players in the market."

The royal institution has simply identified the need for REITs to be able to operate in a transitional framework that helps to nurture small funds until they are ready for the increased compliance costs of a full listing. That is exactly what my hon. Friend the Member for Rayleigh (Mr. Francois) has proposed with amendment No. 4—the use of the alternative investment market as a transitional framework. The amendment is a pragmatic compromise between the benefits of increased transparency, which are brought about by imposing a listing requirement, and the benefit of lower compliance costs that come with a less regulated market. The alternative investment market was established, as we have heard, to satisfy exactly that need for compromise in the equities market. The same need exists in the real estate market. Even if we accept the listing requirement for the moment, the Government's rationale for excluding AIM is unclear.

4.45 pm

In only 10 years, AIM has become firmly established as the world's leading market for smaller growing companies. More than 2,000 companies have benefited from public listing, which otherwise would have been out of their reach. AIM has succeeded because it relies on a "simplified" and "flexible" regulatory approach. Those are both watchwords for the Government's intention for the new REITs structure, yet REITs will not be able to benefit from AIM.

AIM is not unregulated, nor does it lack the transparency that the Government seek—for once—to encourage, but it does not stipulate minimum criteria for company size, track record or the number of shares required to be in public hands. By way of contrast, a company that wishes to list on the main market has to go through the long, time-consuming and expensive process of producing a prospectus, which is now

[Mr. Newmark]

regulated by the UK Listing Authority. Companies in that position must have £700,000 in equity capital and a minimum trading record of three years. However, AIM requires that all companies that wish to list and to remain list-trading have a nominated adviser—known as a NOMAD—to see them safely through the regulatory wilderness. The pragmatic approach allows AIM to minimise compliance costs while maximising investor protection.

The Government's omitting AIM from this Bill is curious, to say the least. In 2003, the then Chief Secretary to the Treasury gave a series of written answers on AIM's regulatory status. In one of them, she said:

"The London Stock Exchange (LSE) is a Recognised Investment Exchange (RIE) under the Financial Services and Markets Act (FSMA) and has to operate all its markets, including the Alternative Investment Market (AIM), in compliance with the recognition requirements for RIEs .... AIM is also a 'regulated market' under the EU's Investment Services Directive".

The Government seemed at the time to be satisfied with AIM from a regulatory standpoint. Indeed, the Chief Secretary was confident enough to conclude the following in her written answer:

"Because AIM is not going to become an unregulated market, the Treasury has not done any research about the impact of such a scenario on investors and issuers".—[*Official Report*, 4 November 2003; Vol. 412, c. 624–25W.]

I want to return briefly to a point that my hon. Friend the Member for South-West Hertfordshire made so forcefully on Second Reading. He said:

"We must always bear in mind the consequences to our tax system when we evaluate our relationship with the EU."—[*Official Report*, 24 April 2006; Vol. 445, c. 446.]

He also said that being complimented by the Paymaster General might be hazardous to his career. I hope that complimenting the Government on a notable success will not be hazardous to mine. The success to which I refer was the defence of AIM during negotiations on the prospectus directive. Perhaps that success will prove that taking a harder line during negotiations in Europe does indeed pay dividends.

If the concession had not been won, AIM's ability to operate would have been undermined by increased compliance costs for firms wishing to list. Baroness Cohen of Pimlico paid tribute in another place to the Government's efforts. She said that AIM has

"been actively nurtured, given a favourable tax regime and defended from rather heavy-handed regulatory proposals, which were introduced by the European Commission in the early stages of the financial services action plan."—[*Official Report, House of Lords*, 16 March 2006; Vol. 679, c. 1422.]

But despite this success, the fact remains that there are currently twice as many real estate companies listed on AIM that are trading in overseas property markets as those involved in the UK domestic market.

The Bill as it stands will disadvantage the domestic real estate sector by excluding those companies and others with similar credentials from converting to REITs. My hon. Friend's amendment will ensure that the REIT structure can harness a market that is tailored to smaller and younger companies and has a streamlined regulatory regime. Instead of a REIT structure that is inclusive, flexible and entrepreneurial, we are in danger of developing one that is exclusive, inflexible and commercial. Instead of greater autonomy for small firms, we are set to create yet another oligopoly of institutional investors.

The Economic Secretary to the Treasury (Mr. Ivan Lewis): Having spent the past nine hours supporting my right hon. Friends the Paymaster General and the Financial Secretary, it is a great relief to have the opportunity to speak in the debate. I hope that the hon. Member for Rayleigh (Mr. Francois) will sit opposite me in Committee during the next few weeks. After the local election results, it might well be the Leader of the Opposition who will be carrying out a fundamental reshuffle of the Opposition Front-Bench team.

I shall respond to the issues and challenges set out by Opposition Members in the debate. The amendments and the contributions have been constructive. There is a significant consensus about the importance of getting on with a UK real estate investment trust. I shall do my best to address in detail some of the questions that have been raised.

The hon. Member for Rayleigh asked when the regulations would be ready. I can assure him that it is our intention to have draft regulations ready by the time the clauses are debated in Committee. I will do my best to ensure that that happens.

Mr. Francois: I thank the Minister for giving way so early in his remarks, and I notice his bullish opening. I appreciate the commitment that the regulations will be available before we reach the relevant clauses in Committee, but that could mean, theoretically, that they are published the night before. We would like to see them earlier, so that we have time to digest and, ideally, consult on them with interested parties before we start debating the clauses. I am sure that he will understand the reasons for that. It is a reasonable request. I wonder whether he can do a little better, under the circumstances.

Mr. Lewis: My undertaking could, theoretically, mean the night before, but I will do my best to ensure that the hon. Gentleman and other members of the Committee have sight of the regulations much earlier than that.

The hon. Member for Falmouth and Camborne (Julia Goldsworthy) asked me for a longer-term projection on receipts. That is not standard practice. In the present circumstances, three years is a reasonable period, but as the market develops during those three years, I am sure we will be able to consider a longer period.

As he did on Second Reading, the right hon. Member for North-West Hampshire (Sir George Young) raised a couple of important issues, with which I shall try to deal. He was keen to know our assessment of how much of the emerging market would entail the conversion of existing companies, and how much of it would involve new investment—newcomers to the marketplace. At this stage, the introduction of a UK REIT is intended to improve the situation for existing companies, but as a consequence of doing that we expect new companies to emerge in the marketplace. We believe that there will be a dual effect. The measure will initially assist companies already in the marketplace, and it will encourage newcomers to the market.

The right hon. Gentleman also asked about the change of emphasis to commercial property. He will remember the housing investment trusts that were introduced in 1996 by the previous Conservative Government, which were specifically focused on low cost residential property. Sadly, no housing investment trusts were created as a consequence of that legislation, but UK REITs have always involved both commercial and residential property. Of course, the commercial property market is an important part of the economy, so it is vital that that market is working efficiently. I would not necessarily accept that there is undue emphasis on commercial property, but it is a very important part of this new development.

I shall come to the other points made by the right hon. Member for North-West Hampshire in a few moments.

The hon. Member for South-West Hertfordshire (Mr. Gauke) took us on a tour of the international community, of which I am sure we were all appreciative, in looking at the models that exist in different countries. I should like to make two points. It is important that hon. Members adopt a model that we believe is appropriate to the current UK market. However—this also responds to a point made by the hon. Member for Rayleigh—it is also important that we keep that market under review, as it develops.

We are willing to consider any consequence of market developments and what we are learning about what happens in the international community. We must always be willing to consider whether we want to change the regime in the interests of the market and clearly not to the disadvantage of the Exchequer. Of course, we can give a commitment today, in the context of the concerns that have been made or suggestions to do things slightly differently, that we will keep the situation under review. If necessary in the future, we would be willing to consider in a flexible way whether changes need to be made.

The right hon. Member for North-West Hampshire was keen that I try in my response to look beyond simply the amendments and put the UK REIT regime into a bigger picture or wider context. If you will permit me, Sir Michael, I intend to do that, as I develop my arguments. Of course, I will then deal specifically with the amendments and explain why we do not feel able to accept them at this stage, although we will reflect on the reasons why they have been proposed, quite responsibly, by the Her Majesty's Opposition.

I should like to remind the Committee of the rationale for UK regime, of which clause 106 is, of course, an important element. REITs exist in a number of other countries with well-developed property investment markets and provide a specific tax regime for investing in property. We believe that the time has clearly come for the UK property market to have access to such reforms. Investment in property can be undertaken both directly and indirectly, such as through a company or unit trust, but the way in which property companies are currently taxed has led to inefficiencies in the way that markets operate.

Property companies are taxed at corporate level on their rental income in the same way as all other companies. However, as a consequence, for many types of investor—for example, pension funds, and I will deal with the comment about pension funds—the overall tax effect of investing indirectly through a property company is higher than if they had bought the property directly. That tax distortion has led to significant inefficiencies in the market, as tax has often been a primary driver of investment decisions, and the Government are seeking to remove that distortion with the introduction of this legislation.

I want to talk a little about the market inefficiencies that we believe require addressing. First, there are high barriers to entry to investment in the property market, particularly in commercial property, where few retail investors have access to that asset class, given the scale and cost of the underlying property assets. The introduction of UK REITs will therefore help to improve access for all investors by allowing smaller, more liquid investments.

Secondly, as I mentioned earlier, there are a number of ways for investors to access returns from property: direct ownership, onshore and offshore unit trusts, limited partnerships and companies. Given the differing tax regimes that apply to those vehicles, investing in property through a listed UK company is relatively unattractive. As a result, the commercial property investment market is now characterised by poor levels of liquidity, with pricing and investment decisions largely determined by individual transactions among a relatively small number of players. REITs will offer the opportunity for a more liquid market, with improved transparency and scrutiny, by removing the tax disadvantage that listed property companies currently face.

5 pm

Thirdly, UK property companies have tended to have a market value lower than the value of their net property assets, a feature caused in part by the tax system. That has led to a strong reliance on debt financing as equity investors are less attracted to listed property companies. The UK REIT regime will reduce the impact of tax as a significant factor in the choice between debt and equity in raising capital.

Fourthly, a high proportion of commercial property in the UK is owner-occupied, and there is some evidence that this property tends to be used less intensively than property in the investment market. The introduction of UK REITs offers the opportunity for greater economies of scale, as a new tax-efficient vehicle will be available through which property can be released into the investment market.

Finally, as highlighted by the Barker review of UK housing supply, UK REITs offer the opportunity to provide greater institutional and professional investor involvement in the private rented sector as an alternative to the direct buy-to-let market. That will help to address the variable standards of management and quality of housing stock, particularly at the bottom end of the private rented sector, as well as providing developers with a more efficient and liquid investment market into which newly developed private rented accommodation can be sold.

Furthermore, while we are on the subject of housing, the introduction of the UK REIT regime supersedes the housing investment trust or HITs regime, introduced in the Finance Act 1996. It has been confirmed through consultation with industry that the provisions of the

[Mr. Lewis]

HITs regime were never utilised. The Government therefore propose to repeal the relevant parts of the Taxes Act.

In summary, the proposed UK REIT regime will help to address the various problems that I have just described, and we believe will lead to a more efficient property investment market in the UK. At the same time, the Government have always stated that one of our objectives is to retain fairness for all taxpayers by ensuring that UK REITs are introduced at no overall cost to the Exchequer. For that reason, companies joining the UK REIT regime will be required to pay an entry charge, details of which are set out in clause 112.

Mr. Quentin Davies (Grantham and Stamford) (Con): Are there any proposed restrictions on the degree to which these REITs can be leveraged? I am not suggesting that there should be, but it should be clear whether leverage will be possible.

Mr. Lewis: I will come to that in a moment. There are some restrictions. If the hon. Gentleman had been here a little longer he would have realised that a significant part of the debate that we have had has been about those restrictions on leverage.

To give some background, the Government began consulting on the possibility of introducing a UK REIT regime in 2004. Draft legislation was released in December 2005, and since then the Government have consulted extensively on the proposed regime with representatives of the property and investment industries. Of course there is always a fine balance between wanting to get such a measure on the statute book and get on with it, and ensuring that we get the regime right. If we spend time consulting properly and as a consequence design a more satisfactory regime, it is far more likely that it will be viable in the long term. Had we rushed the process, we might have ended up with an inappropriate regime, which would have undermined the whole concept of a UK REIT. Therefore, I defend the time that the process has taken. The consultation that has taken place during the past few months has been incredibly productive and constructive, and I suspect that that is why we have a significant degree of consensus, not only in the House but in the market, on the model that the Government propose to take forward.

The proposed regime will be available to companies if they meet certain conditions. A company must be resident in the UK, its shares must be listed on a recognised stock exchange and it must not be close. Those requirements are set out in clause 106. These companies will be exempt from corporation tax on property rental income, provided that they distribute 90 per cent. of such profits to investors, who will then be taxed at their marginal rates. That will achieve the fundamental aim of the regime—to mirror the tax treatment of direct property investment. To provide flexibility for companies to operate, the regime will be available to groups of companies, subject to certain conditions, including that the principal company in the group is UK resident, listed and distributes 90 per cent. of its property rental profits as just described.

To ensure that UK REITs remain focused on their core property investment activity, at least 75 per cent. of the company's business, by both assets and profits, must consist of property rental business. The remaining 25 per cent. may be in any kind of activity, but will be subject to corporation tax in the usual way.

To avoid tax leakage, the regime sets limits on borrowing and the proportion of the company owned by any one shareholder. The nature and enforcement of these limits have been the subject of detailed discussions with the industry and others, which has produced a set of rules that can be enforced flexibly, with remedies proportionate to the level and nature of the breach. In practice, breaches of most of the conditions of the regime will simply result in a tax charge to compensate for lost revenue, with expulsion from the regime being reserved for certain key conditions or cases where clear abusive activity has taken place.

Companies will be able to participate in the regime from 1 January 2007, subject to meeting all the necessary conditions and paying an entry charge equal to 2 per cent. of the value of their property assets.

I should like to deal now, Sir Michael, with the Opposition amendments proposed by the hon. Member for Rayleigh—*[Interruption.]* I am sorry, Mrs. Heal, I nearly said something that I might regret. I shall deal first with amendment No. 4 and I shall attempt to respond to the issues raised mainly by the hon. Member for Braintree (Mr. Newmark). As to his concerns about the future of hon. Members' careers after praising the Government, that is a matter for others and not for me to speculate on.

Amendment No. 4 deals with the condition requiring listing on a recognised stock exchange. As has been said, that condition excludes shares traded on an alternative investment market and the amendment proposes that the Government extend the UK REIT regime to companies traded on AIM. I would like to respond to the points raised by hon. Members and explain why we believe, at this stage, that the amendment presents too many difficulties.

First, it is obviously a new regime and in the Government's opinion, the first companies in that regime should be listed only on exchanges that are regulated, which gives some assurances to investors, particularly small investors, that their investments come with full—and full is the important word—regulatory protection. Only regulated markets are admitted to the list of recognised stock exchanges maintained by Her Majesty's Revenue and Customs.

Secondly, the term "recognised stock exchange" is a fundamental concept used in our tax legislation. For example, only those shares listed on an RSE can qualify for inclusion in an ISA and the RSE definition is also important in areas such as stamp duty, venture capital trusts and the enterprise investment scheme.

Thirdly, and crucially—to deal with a point that hon. Members did not raise—it would not be possible to allow companies with shares listed on AIM to be eligible for the regime without also extending the same position to companies listed on similar markets in the European Union. The behavioural effects of such an extension are difficult to quantify in terms of the long-term cost to the Exchequer. Again, the risk for small investors would be greater than if the regime were restricted to companies listed on an RSE.

To conclude my response to amendment No. 4, an extension of the regime to include companies traded on AIM would not meet the Government's objectives at this stage. On that basis, having explained the Government's position, I hope that the hon. Member for Rayleigh will consider withdrawing the amendment.

Amendment No. 23 also deals with a condition of the regime. Its effect would be to allow a UK REIT to be a close company. Being close is often used as a tax test to identify a company that is controlled by five or fewer people. Removing the restriction would allow companies controlled by a smaller number of investors to become a UK REIT. Hon. Members have made a case for us to consider doing so. As I have said, to achieve our policy aims for the regime, we would want the UK REIT to be capable of wide ownership by investors. That is not only to achieve a political objective, but for the sound reason of preventing tax avoidance. The closed company test is used throughout tax legislation for precisely that reason, and we believe that it has stood the test of time, which is why we have introduced it into the Bill.

The amendment would strike out that condition, the absence of which would allow any one person to control a UK REIT and divert many of the benefits of tax exemption conferred by the regime. In particular, a large group of companies could set up its own private UK REIT and obtain entirely unintended tax benefits in relation to the group's property holdings. That would be a clear subversion of the intention of the legislation, which is that the tax benefits of the regime should be available only when that kind of owner-occupied property is released into the investment market. The listing requirement, while undertaking a useful function in encouraging wider ownership, would not be sufficient on its own to prevent that kind of abuse. Companies may argue that they do not always know when they are closed, but the test is commonly understood and should not trouble a truly widely held vehicle. Indeed, that condition attracted little adverse comment in any of the public consultations in recent months.

The hon. Member for Rayleigh expressed the concern that a company may not know when it has reached that particular stage, but we believe that a company would know in most cases. An exclusion is available in the most common circumstances, which are when difficulties may be created by the involvement of a venture capital firm. One would expect companies to go to reasonable lengths to ensure that they do not breach that requirement and to use all the tools at their disposal in order to do so. For example, a UK-listed company can issue notices inquiring into the ownership of its shares.

The hon. Member for Rayleigh has also raised the question of pension funds, which I want to address directly in order to explain why there is not a problem. The extension in section 415 of the Income and Corporation Taxes Act 1988 allows 35 per cent. of shares to be held by "the public". The definition of "the public" includes a pension fund, which effectively removes that problem. I assure the hon. Gentleman that his concern is not valid, but I shall write to him with a more detailed explanation before Committee.

Amendment No. 24 seeks to require an annual report to Parliament on the number of market capitalisations of companies in the UK REIT regime. The FTSE real estate index currently includes 35 companies, which have a combined market capitalisation of approximately £28 billion. At a recent industry conference, it was stated that most of those companies will choose to enter the UK REIT regime in January next year or at some point after that, depending on their particular circumstances. In addition, the expectation was that some currently unlisted companies would choose to list in order to join the regime and that some companies would be formed from scratch for the purpose of joining.

There would be very little value in having a specific Government report on an issue which will be widely known, which will be in the public domain and on which we will have the opportunity to report, perhaps in the pre-Budget report or the Budget. However, we cannot see why the Chancellor needs to produce a specific annual report. As I have said, however, we will keep the emerging market under review, and if developments occur that require us to adjust that regime to make it more effective and efficient and to ensure that we can pursue our objectives, then we will be open to reviewing it from time and time and making the appropriate changes.

Having accepted that there is significant consensus in the House today on the UK REIT regime and having tried to respond in depth to the genuine concerns expressed by the hon. Member for Rayleigh, I hope that he will withdraw the amendment.

Mr. Quentin Davies *rose—*

The First Deputy Chairman of Ways and Means (Sylvia Heal): Order. I believe that the Minister has completed his speech, so the hon. Gentleman cannot intervene on him.

Mr. Francois: I am sorry that my hon. Friend was slow off the mark, but I am speaking now, and I am happy to accept an intervention from him. I shall do my best as a stand-in and try to answer his questions.

Mr. Quentin Davies: I am grateful to my hon. Friend for his kind suggestion, but I am not sure that he is in a position to help me, because I wanted to remind the Minister that he promised to deal with my question about regulations that could limit REITs' capacity for leverage. He did not manage to address that point, contrary to the undertaking that I believe he gave me.

5.15 pm

Mr. Francois: If it assists my hon. Friend, I am happy to act as an intermediary. I understand that there is a condition on a gearing ratio of 1.25:1. That is the basic answer to his question, but if the Minister has anything to add he is welcome to intervene on me.

This has been a useful start to our discussion on the concept of REITs, which are a principal component of the Bill. Most contributions to the debate were well informed, but I am afraid that I must make an exception for the hon. Member for Falmouth and Camborne (Julia Goldsworthy), as she took a side-swipe at the alternative investment market. *[Interruption.]* Well, she was a little undermined by the intervention of her hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso), who pointed out that he had been an investor in that market, although he was honest

[Mr. Francois]

enough to say that he had not enjoyed tremendous success. On the degree of risk in AIM, it is important to stress that in many cases it is investment managers' responsibility to decide where to invest institutional money. They are paid a great deal to make risk decisions, and they are well placed to try to decide whether it is best to invest in an AIM company. Companies are allowed to list on AIM, but people are not forced or compelled to invest in them. If companies are strong and credible, people have the option of investing in them, whether they are institutional investors or individuals. If they are not strong and credible, they will not do so. That is a perfectly reasonable response to the point made by the hon. Member for Caithness, Sutherland and Easter Ross.

Julia Goldsworthy: May I point out to the hon. Gentleman that I was stressing the importance of risk? REITs are about to be set up, but the matter should be revisited once they are more firmly based. That does not constitute a side-swipe at AIM.

Mr. Francois: People who monitor our proceedings can read *Hansard* and judge the matter for themselves. However, I did not think that it was a pro-capitalist point from the Liberal Democrats.

Some of the questions that I asked were ably amplified by my right hon. and hon. Friends. However, I am not sure whether the Minister fully addressed the important point made by my right hon. Friend the Member for North-West Hampshire (Sir George Young), who has a background in housing. On Second Reading he stressed the question of whether REITs would benefit the residential property market. Most of the discussion about REITs has been about the way in which they affect the commercial property market, and most people approach them from that perspective. However, REITs provide an important opportunity to boost residential property in this country, not least as some people find it difficult to afford a house, and therefore want to rent. I commend my right hon. Friend for raising that issue, and give the Minister notice that we shall want to explore it in more detail in Committee.

Mr. Quentin Davies: Does my hon. Friend agree that it may not be entirely sensible to have a restriction of 1.25:1 on the maximum leverage that a REIT can undertake? There is nothing to stop a REIT from investing in a project or a building which itself carries a much greater degree of leverage. Investors will not be protected by this restriction. On the other hand, it prevents somebody from setting up a REIT with the specific objective of offering a highly leveraged play in the real estate market. Some people might like a higher-risk instrument at certain stages of the property cycle, so why should the Government officiously cut off that opportunity? Does my hon. Friend agree that this matter has not been as thoroughly thought through as it might be?

Mr. Francois: I thank my hon. Friend for raising that important point. I have not delved into the gearing ratio, because it was not one of the conditions in clause 106 on which I decided to concentrate today. My hon. Friend has put down a marker from his own perspective, and I am sure that the Minister and I will want to debate the matter in detail when we get to the appropriate clause in Committee.

Mr. Gauke: At an earlier stage the Government proposed a leverage limit of 2.5:1; now, it is 1.25:1. In February the Royal Institute of Chartered Surveyors argued that that restriction was unnecessary because the market will restrain excessive borrowing and ensure a reasonable level of taxable deductions. That tends to be the international norm. In many jurisdictions there is no leverage limit.

Mr. Francois: I thank my hon. Friend for reiterating that point. I will not respond in more detail for fear of straying beyond the bounds of order. Nevertheless, I commend my hon. Friends the Member for South-West Hertfordshire (Mr. Gauke) and for Grantham and Stamford (Mr. Davies) for their ingenuity. Suffice it to say that we shall want to explore the issue in more detail when we move upstairs.

I thank my hon. Friend the Member for South-West Hertfordshire for his assiduous research on how REITs work in other jurisdictions around the world. He said—this is important in relation to AIM—that one day the United Kingdom might become the REIT capital of Europe. Were that to happen, I am sure that we would all welcome it. However, it will require a regime that is flexible and encourages investment. I want to make a couple of points about that. There are already several offshore property vehicles, which have mushroomed in the past few years while everyone was waiting for REITs, but they did not turn up. Jersey has been mentioned in that context.

One of the tests of the REITs regime will be whether it succeeds in bringing that money, or at least a fair proportion of it, back onshore. The Government need to take that on board. Sophisticated institutional investors will carry out a cost-benefit analysis of the advantages or otherwise of different jurisdictions. They will look very carefully at the UK REITs regime, and I am sure that the ability to have several REITs companies invested on a fairly broad basis will have an impact on their decisions on whether to bring their money back onshore.

Mr. Gauke: My hon. Friend makes a good point. There are two tests here. Let me take the example of Jersey. First, will Jersey continue to expand or, as one would assume, slow down? Secondly, will the sums that have already been invested in Jersey come back onshore, and do we need a specific regime to encourage that? I hope that we will have an opportunity to explore that in Committee.

Mr. Francois: My hon. Friend has put down a marker, and I look forward to his amendment. He also referred to an important aspect of tax competition, which is important in the context of AIM. There is some tax competition between REITs in different jurisdictions. For example, the Singapore Government have recently decided to levy no tax on the dividends from REITs because they are trying to compete directly with REITs in Hong Kong. The Economic Secretary must examine that when considering the sort of regime that he wants to construct, because our regime in the

United Kingdom will have to compete with, for example, that in France, and shortly that in Germany. He must bear all that in mind when he keeps those matters under review.

I welcome the Economic Secretary's general pronouncement that the Government are willing to keep the regime's operation under review. The industry, and investors too, will welcome that. If I heard him correctly, he said that the Government would be "willing to look at how flexible changes could be made in the future." That does not completely commit him, but it shows that he is open-minded and we welcome the statement in principle.

I also welcome the Economic Secretary's commitment not to publish the regulations as late as the night before we reach them in Standing Committee. The earlier, the better. The Government have had several years to prepare for the regime and, by definition, for the regulations. It would therefore be nice if we could have them fairly promptly. We cannot accuse the Government of not having had time to plan. The Economic Secretary said, in a positive spirit, "As soon as possible," and I reply, in the same spirit, thank you—and the sooner, the better.

Our purpose in tabling the probing amendment on the annual report was to try to get from the Government some commitment that they would report to Parliament progress on the REITs concept. There does not have to be an annual report, but we tabled amendment No. 24 so that we could discuss the idea. The Economic Secretary responded by saying that it might be possible to include an update in the pre-Budget report—presumably, that would apply to the report for 2007. I welcome the suggestion. I do not think that he promised to do that, but it might be useful for the pre-Budget report of 2007 to include an update, so that we can ascertain how the concept is panning out. On that basis, I shall not press amendment No. 24.

I am grateful to the Economic Secretary for clarifying the technical point that I raised when considering amendment No. 23 on close companies. I am sure that the industry and the pensions industry will welcome that. I also thank him for his courtesy in offering to write to me specifically on the matter. I am sure that a clearly set out letter from him will solve the matter beyond peradventure. I look forward to receiving that correspondence so that the issue can be quietly put to rest. It would therefore be churlish of me to press amendment No. 23.

I must chide the Economic Secretary slightly in the context of amendment No. 4, because he said that AIM was not regulated. To be fair, I believe that he corrected himself. AIM is regulated, but more lightly than a full listing on the stock exchange. Most investments involve some risk. There is, arguably, a slightly higher risk in investing on AIM than in investing on the full London stock exchange, but it is not that different. It should be possible for people to decide for themselves whether they want to invest in a company on AIM or one that is listed on the London stock exchange, through examining the company's record, that of the directors, past performance and so on.

By not spreading the capability so that companies on AIM can achieve REIT status, the Economy Secretary denies potential investors such a choice. He also denies companies on AIM the choice to apply for REIT status if they wish. He could be compelling them to apply for full listing on the London stock exchange when they are not ready for it. They may feel that they have no option but to go for London stock exchange listing to get the tax advantages of REITs, and that they would be vulnerable to takeover by a REIT listed company if they did not do that.

If the Government do not give way on that issue, there is a genuine problem concerning the effect on the orderly running of the market. To those who said that we were going too far, I stress the fact that we received representations to press the argument to extend the provision to unlisted companies. We have not gone that far. We made AIM our sticking point today, and we have asked the Government to respond to that.

However, the Economic Secretary replied responsibly and gave a commitment to keep those matters under review. We shall need to see how the regime is working as it rolls out in 2007, and if it seems to need a further boost by extending the REITs concept to the AIM, I hope that the Government will be prepared to view the matter seriously and to allow the concept to be spread to a wider range of companies, precisely along the lines that my hon. Friend the Member for Braintree (Mr. Newmark) described. That has worked very successfully in the United States, and his point that unlisted REITs outnumber listed REITs in the US by a ratio of 4:1 was extremely pertinent.

The Minister has offered to keep the matter under review, and I thank him for what he has said this afternoon. We have had a very positive start to our discussion on REITs, and we look forward to more such discussions upstairs in Committee. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 106 ordered to stand part of the Bill.

Clause 13

RATES

5.30 pm

Julia Goldsworthy: I beg to move amendment No. 25, in clause 13, page 14, line 20 [Vol I], leave out Table A and insert—

CO_2 Emissions figure		Rate					
(1)	(2)	(3)		(4)		(5)	
Exceeding	Not Exceeding	Reduced Rate		Standard Rate		Premium Rate	
			Households with a postcode in a sparsely populated rural area		Households with a postcode in a sparsely populated rural area		Households with a postcode in a sparsely populated rural area
g/km	g/km	£	£	£	£	£	£
100	120	30	15	40	20	50	25
120	150	90	45	100	50	110	55
150	165	115	57.50	125	62.50	135	67.50
165	185	140	70	150	75	160	80
185	—	180	90	190	95	195	97.50

The First Deputy Chairman: With this it will be convenient to discuss the following amendments: No. 21, in clause 13, page 15, line 2 [Vol I], leave out Table B and insert—

CO_2 Emissions figure		Rate					
(1)	(2)	(3)		(4)		(5)	
Exceeding	Not Exceeding	Reduced Rate		Standard Rate		Premium Rate	
			Households with a postcode in a sparsely populated rural area		Households with a postcode in a sparsely populated rural area		Households with a postcode in a sparsely populated rural area
g/km	g/km	£	£	£	£	£	£
100	120	30	15	40	20	50	25
120	150	90	45	100	50	110	55
150	165	115	57.50	125	62.50	135	67.50
165	185	140	70	150	75	160	80
185	225	180	90	190	95	195	97.50
225	—	200	200	210	210	215	215

No. 22, in clause 13, page 15, line 12 [Vol I], at end insert—

'(3A) after paragraph 1B insert—

"1BB For the purposes of paragraph 1B above, 'households with a postcode in a rural area' shall be defined in regulations; and before making such regulations the Chancellor of the Exchequer shall consult the Countryside Agency."'.

Julia Goldsworthy: The proposed changes illustrate the recognition of the fact that people in rural areas are likely to have higher transport costs and less access to public transport than people in urban areas, and should therefore receive a discount on the vehicle excise duty that they pay. The discount proposed in our amendments is 50 per cent. Of course, the changes should be accompanied by wider changes to ensure that the polluter pays, and to extend some of the changes proposed by the Chancellor, but I appreciate that it will not be possible to do that today, even though amendments on that issue have been tabled.

I shall focus on the impact that the amendments would have. People who live in sparsely populated rural areas often have poor access to public transport. The 2003 national travel survey for England showed that half the residents in rural settlements of fewer than 3,000 people lived within a 30-minute walk of a bus stop. That compares with 95 per cent. of the people living in larger urban areas.

Those rural residents are likely to spend more per week on transport than their urban counterparts. The expenditure and food survey for 2002–03 showed that households in rural areas with a population of fewer than 3,000 spent £70.60 a week on transport, compared with £45.50 for those living in urban areas. Half of their expenditure goes on operating costs, a large proportion of which is the cost of fuel. That is because they have to travel to work and they do not have the option to use public transport. Also, they often have to drive their children to school. The operating costs in rural areas are often much higher. For example, fuel in the highlands is 10 per cent. more expensive than elsewhere.

People in rural areas make a similar number of trips to those made in urban areas, but those trips are longer and more likely to be made by car. Many of those people are also likely to live in isolated and deprived areas.

Mr. Paul Goodman (Wycombe) (Con): Will the hon. Lady tell the House what definition of "sparsely populated rural area" she proposes to insert into the Bill?

Julia Goldsworthy: Of course I will come to that. Our proposals deal with sparsely populated rural areas as defined by the Countryside Agency—although they apply only to England and Wales. However, I hope that we shall be able to consider those criteria in relation to Scotland or, if necessary, table an amendment that would allow such a decision to be devolved to the Scottish Parliament.

My constituency is in the county of Cornwall. Cornwall's gross domestic product is less than 70 per cent. of the European average. Many people there live in isolated areas with very little access to public transport, and are therefore reliant on their cars. Many households in rural areas are isolated and deprived, dependent on a car and more likely to own an older car. I am not simply talking about farmers who rely on their 4x4 vehicles, but about people who are totally dependent on a car to get around.

The Paymaster General (Dawn Primarolo): I want to press the hon. Lady on the point made by the hon. Member for Wycombe (Mr. Goodman). In the south-west region, which she and I both represent as Members of Parliament, what percentage of the population officially live in a rural area as opposed to a town or city?

Julia Goldsworthy: The definitions in the amendment mean that it would affect hundreds of thousands of people who do not live in settlements of 10,000.

If the Government are to take seriously what the Chancellor has called the "moral duty" to tackle environmental change and make the polluter pay—in the direction of which the Finance Bill and Budget made the smallest possible gesture—it must be recognised that deprived and car-dependent households in sparsely populated and rural areas will be hit hardest by further changes to vehicle excise duty if the "polluter pays" principle is applied.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): I strongly support what my hon. Friend says on this point. In my constituency in the highlands of Scotland, the vast majority of people live in rural communities, a car is essential, few public transport alternatives exist and the price of petrol is much higher than in many other parts of the country. The amendment would enable pollution to be tackled through higher vehicle excise duty, while ensuring at the same time that those for whom a car is a necessity rather than a choice could be insulated from those costs.

Julia Goldsworthy: My hon. Friend makes his point well. Those people will be hit hardest by changes to vehicle excise duty if the Government are serious about following through their commitment to the "polluter pays" principle. However, they are also the people on whose behaviour the changes will have the smallest impact, as they have no alternatives to car use. Under the amendment, the attempt to alter behaviour through changes in vehicle excise duty can continue without crippling those people.

Mr. Goodman: As the hon. Lady apparently has a definition of people in rural and sparsely populated rural areas, can she tell the House how many people would benefit from her amendment?

Julia Goldsworthy: I certainly can. According to the rural and urban area classification 2004 and census data, we are talking about 398,249 households.

Stewart Hosie (Dundee, East) (SNP): I am fascinated. Notwithstanding the fact that the Countryside Agency covers only England, not England and Wales, Scotland has two definitions of "rural"—one is the Scottish Executive's, under which 98 per cent. of the land mass and 18.7 per cent. of the people are covered, and the other is the Randall definition relating to sparsity, under which 89 per cent. of the land mass and almost 30 per cent. of the population are covered. Is the hon. Lady really trying to achieve an opt-out for 30 per cent. of the population?

Julia Goldsworthy: I am talking about households living in sparsely populated rural areas. As I have made clear, we wanted to set out a sparsity criterion in the amendment that could be applied across the UK. The criterion to which we worked was that provided by the Countryside Agency. We would be more than happy to accept an amendment to devolve that—

The First Deputy Chairman: Order. I know that the hon. Lady is relatively new to the House, but it is important to address the Chair.

Julia Goldsworthy: I apologise, Mrs. Heal. If the hon. Gentleman wants to table an amendment devolving that responsibility to Scotland, I would be more than happy to accept it later.

Sir George Young: I am not unsympathetic to the hon. Lady's point, but the tax that she proposes to amend is not on households but on cars. Can she confirm that any car registered in a postcode covered by her amendment would qualify for the reduced rate?

Julia Goldsworthy: I can confirm that. Cars must be registered to households, not just for vehicle excise duty purposes but for insurance purposes—were there any abuse, the insurance would not be valid.

Rob Marris: Following the point that has just been made, the form concerned—whatever it is called now—would give the address of the car's registered keeper, not necessarily that of its owner. The owner is entitled to insure the car, so an urban owner whose distant aunt living in the middle of nowhere is the registered keeper could get around the VED regime proposed by the hon. Lady. How would she avoid that?

Julia Goldsworthy: Quite simply: by ensuring that when someone paid vehicle excise duty, that person declared that he or she was also the main driver of the car.

Amendment No. 25 would provide a 50 per cent discount for cars registered before 23 March 2006 in households with a postcode that defined them as being in a sparsely populated rural area. Amendment No. 21 would sustain that discount for all cars registered after 23 March, except those that are most polluting. I think it desirable to retain the incentive for people to seek less polluting vehicles when purchasing new vehicles. However, I favour a much greater differential, as recommended by the Energy Saving Trust.

Even for those requiring a new 4x4 for work, there are less polluting alternatives. The Land Rover Freelander 4x4 Td4 Adventurer estate produces carbon dioxide emissions of 205 g per km, and the Subaru Forester 4x4 produces emissions of 220 g per km. Amendment No. 22 suggests that sparsely populated rural areas should be defined in terms that the Countryside Agency has already explored. The Agency may be able to establish criteria that could be applied to the United Kingdom more widely. Alternatively, as I have said before, I should be happy to accept on Report an amendment devolving this definition to Scotland.

Mr. Paul Goodman: Does the 398,000 figure relate to people living in rural areas, or to people living in sparsely populated rural areas?

Julia Goldsworthy: It relates to sparsely populated rural areas as defined by the 2004 census.

Our amendments recognise that people who live in sparsely populated rural areas rely on cars, and that those people will be hardest hit by any change in vehicle excise duty because they are least able to change their behaviour. They would allow the Government to proceed even further with the "polluter pays" principle, which they failed spectacularly to do in the Budget, without having an unfair impact on those vulnerable groups.

Mr. Goodman: It is a pleasure to see you in the Chair, Mrs. Heal. It is also a pleasure—after listening to some of the Second Reading speeches and some of the speeches that have been made today—to take part in this Finance Bill debate for the first time.

I am sorry that I cannot respond directly to the Economic Secretary, who, in a bold, combative and assertive statement, said that the Conservative party might need a reshuffle after the local elections. I was going to tell him that there might just be a reshuffle in the Labour party. I note the shock on the Labour Benches at the very prospect of that being raised, but I was going to tell the Economic Secretary that whatever might happen in that event, I hoped that he and the Financial Secretary—who is here—would be present in the Standing Committee, because I look forward to the usual exchanges.

I shall return to the Government's proposals when we debate clause stand part. The key to the amendments can be found in tables A and B in clause 13. Table A sets out VED increases for vehicles registered before 23 March—the Liberal Democrats seek to amend that table—and table B sets out the increases for vehicles registered after 23 March.

The amendments tabled by the hon. Members for Falmouth and Camborne (Julia Goldsworthy) and for South-East Cornwall (Mr. Breed) should be put in context. Last Thursday, the leader of the Liberal Democrats, the right hon. and learned Member for North-East Fife (Sir Menzies Campbell), suddenly rushed out what he described as a challenge to my right hon. Friend the Member for Witney (Mr. Cameron) to form what he described as a cross-party consensus on the environment.

The timing of the challenge was a little curious, as I understand that my hon. and right hon. Friends were already holding discussions with the hon. Member for Eastleigh (Chris Huhne), who I see is in his place, about forming exactly that cross-party consensus. We were

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therefore a bit surprised to receive the challenge, whose content was also curious: the right hon. and learned Member for North-East Fife urged my right hon. Friend the Member for Witney to sign up to replacing the climate change levy with a carbon tax—something to which my right hon. Friend had already signed up several days earlier.

5.45 pm

Chris Huhne (Eastleigh) (LD): Will the hon. Gentleman clarify whether the Conservative party's carbon tax proposals extend its application across the board, including to households?

Mr. Goodman: I look forward to doing that in Committee, but I am afraid that I would be ruled out of order today. We are debating vehicle excise duty, to which I turn now.

In respect of VED, the right hon. and learned Member for North-East Fife said:

"There should be a substantial increase in the top rate of Vehicle Excise Duty."

That is nice and plain, and the hon. Member for Eastleigh helpfully chipped in on Sunday, in a report in the *News of the World*. It is encouraging to see someone getting into that newspaper for sound and substantial policy reasons. The report stated:

"The Lib Dems want to hit gas-guzzling motorists with a whopping £2,000 car tax to help the environment."

It added:

"They've tabled an amendment to a government bill that would see the top rate of car tax rise from £215 to £2,000."

The report quoted the hon. Member for Eastleigh as saying:

"If people choose to buy the most polluting cars they must recognise the environmental cost."

On the same day that their leader made his VED announcement—and at about the same time that I assume that the hon. Member for Eastleigh was talking to the *News of the World*—the hon. Members for Falmouth and Camborne and for South-East Cornwall tabled amendment No. 25, which we are now considering. Why? The amendment would not impose a whopping great increase in the top rate of VED, but rather a whopping great decrease of some 50 per cent. in some areas.

Chris Huhne: The hon. Gentleman may not be overly familiar with Finance Bill procedures, but if he were, he would know that only a Minister of the Crown is entitled to have selected for debate an amendment that would raise revenue. Last year, my party tabled an amendment in respect of self-invested personal pensions—SIPPs. It could not be debated, but it was nevertheless the only Opposition amendment to be accepted completely by the Government. Before the hon. Gentleman gets too disparaging, I suggest to him that we might achieve the same success with our proposal to raise the higher rate of VED to £2,000.

Mr. Goodman: I shall have a good deal to say about that amendment in a moment, but I thought that Liberal Democrat Members were the ones unfamiliar with Finance Bill procedure. I do not see the point of tabling an amendment that cannot be voted on, nor of tabling an amendment that directly contradicts another one.

Julia Goldsworthy: My hon. Friend the Member for Eastleigh (Chris Huhne) referred to the SIPPs amendment that we tabled to last year's Finance Bill. It had more impact than the sum total of all the amendments tabled by the Conservatives then.

Mr. Goodman: The hon. Lady claims that an amendment that could not be voted on made a substantial contribution to last year's Bill, but—

David Taylor (North-West Leicestershire) (Lab/Co-op): On a point of order, Mrs. Heal. Can you advise us whether this metaphysical discussion of the Liberal Democrat party's strategy—or absence thereof—is advancing the debate on the amendments before the Committee?

The First Deputy Chairman: I should be much happier if hon. Members participating in the debate returned to the specifics of the amendments before the House.

Mr. Goodman: I shall return to the specifics of the amendments, (Mrs. Heal) even if I disappoint some Labour Members by doing so.

We have been told why the Liberal Democrats tabled the amendments that we can discuss fully and vote on: households in sparsely populated rural areas have special transport and social needs. People in rural areas who farm or work on the land, it is argued, often need larger vehicles that emit more carbon. That is true, and during the coming days and weeks we look forward to hearing Liberal Democrat Members, who represent urban areas and who have, like the hon. Member for Eastleigh, I am sure, been fully signed up to amendment No. 25 by the hon. Member for Falmouth and Camborne and her colleague, the hon. Member for South-East Cornwall, explain to their urban constituents why they should pay higher VED on the most polluting vehicles registered before 23 March 2006 while people in rural areas pay lower VED on exactly the same vehicles.

We also look forward to the hon. Member for Eastleigh explaining that when he told the *News of the World* that

"If people choose to buy the most polluting cars they must recognise the environmental cost",

he meant to say that if people choose to buy the most polluting cars they must recognise the environmental cost "sometimes".

Chris Huhne: Perhaps the hon. Gentleman does not realise that the rural discount applies only to the bands below top band G of vehicle excise duty. That fully meets his point.

Mr. Goodman: I am aware of that, but I must not be drawn back into metaphysical speculation about an amendment that I cannot describe. Were I able to do so, I would be able to answer the point, but you would rule me out of order Mrs. Heal, so as I do not want to provoke your wrath I shall press on.

Regardless of the Liberal Democrats' internal discussions, one conclusion is certain. Before seeking to provide special treatment in the Finance Bill for households in sparsely populated rural areas, one needs to be able to provide a robust definition of such households and areas that will hold good in all circumstances—a definition that will stand up to legislative scrutiny.

That requirement brings us neatly to Liberal Democrat amendment No. 22, which was also tabled by the hon. Members for Falmouth and Camborne and for South-East Cornwall. Does the amendment offer such a robust definition? In our view it does not; it simply dumps the problem in the lap of Ministers and would compel them to define, in unamendable regulations to be tabled at a future and unspecified date, households with a postcode in rural areas. Presumably that would take place after the Bill has become law, which raises the question: what would happen to the amendments if they were accepted and the Bill was enacted and became enforceable in the meantime?

Julia Goldsworthy: A clear definition is set out by the Countryside Agency, with reference to the distance of certain areas from a population centre. It would not be complicated to apply that definition to England and Wales and to find a way to apply similar criteria to Scotland. The amendments could thus be tabled on Report.

Mr. Goodman: If so, the Liberal Democrats might have found a clearer way to spell out a full definition in their amendments. Furthermore, Members and other people with an interest in the measures may find other definitions of "sparsely populated rural area", which could be introduced in the Standing Committee. There could be some controversy—at the very least—in the hon. Lady sticking so precisely to one definition. However, that is merely an introduction to the deep problems posed by amendments Nos. 25 and 21, to which I shall turn shortly.

With reference to the consultation proposed in amendment No. 22, why is the Countryside Agency the only body named? What about other Government bodies with an interest in rural areas or the environment, such as the Environment Agency or the Air Quality Forum? What about non-governmental bodies with an interest in rural affairs, the environment and vehicle excise duty? Transport 2000, Friends of the Earth and Greenpeace have made comments on the Government's VED proposals, to which I shall refer in the clause stand part debate. If amendments Nos. 25 and 21 were successful and the Liberal Democrats obtained the changes to VED that they seek, how would those changes be implemented in the time gap between the passing of the Finance Bill—if it is passed—and the subsequent laying of regulations before Parliament?

Other questions follow. Is it right that a multimillionaire driving a polluting vehicle and living in a mansion should pay a reduced rate of VED on that vehicle if he registered it before 23 March? [HON. MEMBERS: "David Cameron."] That was not the gentleman I had in mind, but I am grateful to Labour Members for drawing the matter to my attention. I do not believe that he is a "multimillionaire". Would it be right for such a mythical and imaginary person living in a sparsely populated rural area and owning a polluting vehicle to pay a reduced rate and then move out of that area? Is it really fair that someone who does not live in a sparsely populated rural area and who owns a green vehicle does not pay a reduced rate and then moves into that area?

Chris Huhne: Under the proposals, it is clear that if such a person were to own a green vehicle, they would pay zero duty whether they lived in a sparsely populated rural area or not.

Mr. Goodman: I am glad to have that clarification from the person who is clearly leading for the Liberal Democrats in this debate. If the hon. Gentleman looks at the amendment paper, he will see that the amendment to table A, which deals with people who have registered cars before 23 March, applies to a cut in the rate for all vehicles, including the most polluting. I shall come to that point in a moment.

Amendment No. 25 seeks to reduce VED rates for the most polluting vehicles registered before 23 March this year, while amendment No. 21 seeks to leave unchanged VED rates for the most polluting vehicles registered after 23 March. There is a case for leaving unchanged the VED rates levelled on the most polluting vehicles that have already been registered by people who live in sparsely populated rural areas, but I find it very hard to see a convincing case for cutting those rates, which is what the Liberal Democrats are proposing.

There is also a case for leaving unchanged VED rates levelled on the most polluting vehicles registered after 23 March, just as there is a case for raising VED rates levelled on those vehicles, as the hon. Member for Wolverhampton, South-West (Rob Marris) sought to do—if I can turn metaphysical for about 10 seconds—in amendments that were not selected for debate. However, there is surely no case whatever for seeking simultaneously to leave unchanged VED rates on the most polluting vehicles in some rural areas while seeking to raise VED rates on those vehicles in these areas. The Committee will agree that one cannot do both at once. I do not want to be ruled out of order, so all I will say is that hon. Members only have to read the amendments tabled for the debate to see that one political party has sought to do both at once and, needless to say, it is the Liberal Democrats.

Julia Goldsworthy: Is it therefore my understanding that the hon. Gentleman and his party would make no changes to the VED tables as laid out by the Government in the Finance Bill and that he and his party think that we have a satisfactory state of affairs to take forward?

Mr. Goodman: I shall come to all that in the clause stand debate. If the hon. Lady is not happy with my answer, I will be happy to give way to her.

As I said, we cannot discuss in detail a tax rise proposed in an amendment that was not selected for debate, so I will not seek to explore further the mystery of how the Liberal Democrats propose simultaneously to raise a tax while leaving it completely unchanged. I will, however, assure the Committee that the Conservative party will do all that it can tomorrow, as people vote in the local

[Mr. Goodman]

elections, and in the months to come to raise this mystery and the incoherence of these amendments on the doorstep and at every opportunity with voters whenever the issues of green taxes or the environment are raised. I am afraid that it is the same old story. It is one thing for one group of people outside and another thing when it comes to tabling amendments to the Finance Bill. The Liberal Democrats have a choice. They can be a serious potential party of government or they can be fringe operation whose muddled, ill-thought-through and opportunistic contortions provide hours of harmless entertainment for all the rest of us.

On the basis of these amendments, they have chosen to be purveyors of entertainment. I urge the Committee to reject the amendments.

6 pm

John Thurso: I rise to support the Liberal Democrat amendments, but first I want to set out the nature of the problem that my constituents face. Any of my constituents—there are quite a few of them—who are watching this afternoon's proceedings on the parliamentary channel will have been somewhat bemused by both the tone of the remarks and the risible nature of the conduct of the hon. Member for Wycombe (Mr. Goodman), in particular. For them, the amount that they have to pay for motoring is a very real issue, as are the extra costs that they bear not simply through VED—as will happen under the Bill—but through the excess that they pay on fuel costs.

Let me set out the problem in an area that I confidently expect that nobody will dispute is genuinely sparse. I refer to Caithness, Sutherland and Easter Ross. Some parts of Sutherland have a population density that is somewhat less than that of the Sahara desert. The area is 3,400 square miles and there is no public transport whatsoever available for very large parts of it. The vast majority of people who live there are crofters and small farmers who make a living by operating the croft—as there are so many Members present who have no experience of Scotland, I will remind them what that is. It is a smallholding with two or three acres of in-by land and access to common grazing. It is not something that anybody is going to make a vast amount of money on. Those people will croft part-time and they will work part-time—perhaps going to sea; perhaps doing something else.

The likelihood is that those people—the majority of whom will be on modest or low incomes—will have only one vehicle. That one vehicle will double as the family transport and the farm workhorse. That is the vehicle that they will have to use. They need a vehicle of a certain size to be able to operate the farm and they have to use it for other things that they have to do, such as taking the kids to school. First, people in that area have no choice. There is no public transport, unlike in many of the constituencies represented here this afternoon, where public transport is available. Secondly, and most importantly, there is no congestion of any kind. Of course, all those who are interested in climate change will understand that congestion multiplies the effect of emissions fairly considerably.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): My hon. Friend also needs to make the point that public transport would probably be an environmentally inefficient way of providing transport in such a sparsely populated area. It is probably more efficient for people to use their transport when they need it, rather than to rely on the marginal running of buses that would often be empty.

John Thurso: My hon. Friend makes that point extremely well. A bus with one person in it is far more polluting that a car with one person in it. He is absolutely right.

The objective that the Government have set out to achieve with the increase in vehicle excise duty is extremely laudable. It should be the case that more polluting vehicles are punished and, broadly, we want to see a reduction in polluting vehicles and in emissions. However, much of the debate—including the discussions that we have heard today—has been characterised by references to what people are wont to call Chelsea tractors. I am not persuaded that that is the appropriate way for the debate to proceed. We are unable to go into any detail today, but I am not persuaded, as a point of principle, that taxation of ownership—in effect, that is what vehicle excise duty does—is the most appropriate way to tackle pollution and congestion. I would look to a form of national road user charging as the appropriate method to do that. In addition, I very much doubt whether any great increase in vehicle excise duty will have much impact on the owner of a Chelsea tractor. Such people tend to live in million-pound homes and have six-figure incomes, so I do not think that they will notice it very much. However, my constituents on whom the increase is to be imposed will see it as a real burden. As I have already said, such people typically have low or modest incomes.

I have raised this matter before in Westminster Hall. The price of petrol and diesel in Wick, Thurso, Durness or any of the other remote areas in my constituency tends to be between 10p and 15p more than even the dizzy metropolitan heights of the cost in Inverness. Typically, the premium averages out at about 12p a litre. One of my constituents who owns a car with an average consumption of sufficient substance to tow the sheep to market will pay something like £200 a year more for their fuel than a person with exactly the same vehicle who operates in an area with a more competitive market for fuel, such as Inverness, Edinburgh, or even London.

Mr. Kevan Jones (North Durham) (Lab): I always enjoy the hon. Gentleman's contributions. He has been cut loose from the Front Bench and takes opposing views to those of some of the more radical elements of his Front-Bench team. Does he agree that he should encourage his constituents to consider alternatives, such as liquefied petroleum gas, that would not only be more environmentally friendly to his beautiful constituency, but allow them to pay less vehicle excise duty?

John Thurso: I hope that the hon. Gentleman will take up my offer of coming to visit me sometime in the north. As far as I am aware, only two garages in my constituency offer LPG. One is in Golspie, and I think that there is one in Thurso, too. For people in vast swathes of Sutherland, having to make a return trip of 100 miles to top up with LPG would not be hugely helpful.

Mr. Jones: I suggest that the hon. Gentleman does something that I did in my early days on Newcastle city council by encouraging his local council to make their vehicles run on LPG. That creates a local market and ensures that bunkering facilities can be provided, even in isolated communities such as his.

John Thurso: I would be delighted to give such encouragement to the Highland council, which covers three, if not four, constituencies. In parentheses, I should tell the hon. Gentleman that any of my councillors in Thurso who go to a council meeting in Inverness make a round trip of 240 miles, which perhaps—

The First Deputy Chairman: Order. I ought to remind hon. Members that we are going a little wide of the amendment. Perhaps we can get back to the specifics once again.

John Thurso: I apologise for straying, Mrs. Heal.

My constituents already pay an increase to the Treasury due to the increased VAT that they pay because of the higher price of their fuel. It is thus perfectly appropriate to offer them some form of alleviation. My hon. Friends have tried to achieve that through an amendment to this imperfect Bill on vehicle excise duty. The way in which they have tried to achieve that in principle, if not in detail, gives us a good way forward.

The key point is that those who live in genuinely remote rural areas suffer a real burden. It was extraordinary that the hon. Member for Wycombe was so dismissive of that burden, although it might explain why the Conservatives regularly come fourth in elections in my constituency and much of the Highlands. His speech has probably done more for my party's prospects in elections in Scotland than anything that I could ever have done. The amendment is a sensible way forward.

Mr. Goodman: As the hon. Gentleman has such confidence in his party's amendment, can he confirm that his party will be putting it to the vote?

John Thurso: I am a humble Back-Bench Member in this army. I do not have the slightest idea what my Front-Bench colleagues intend to do. It may be that the response from the Government Front Bench will be of such wonderful acceptance and pleasure at what my hon. Friend the Member for Falmouth and Camborne (Julia Goldsworthy) has proposed that all will end well. Never mind, we will hope for the best and move on.

There is a technical problem with the amendment. In drafting it, my hon. Friends have referred to the Countryside Agency, and the agency has no remit in Scotland. A fly was cast over my hon. Friend the Member for Falmouth and Camborne as to what the definition should be. That is always a typical answer of the Treasury when a Member is proposing any scheme. The response is "Ah, tell me where the definition is and I will tell you what the problem is."

We should take on board the fact that the EU has well-defined sparse and remote rural areas and, in many countries, has successfully introduced schemes to help such areas. It recognises the problems that they have. Whatever the definition, it seems to me that if we accept the principle of helping those who need help, which is what I thought that those of us on the progressive side of politics were seeking to do, and we wish to help people on modest incomes who need help, we can find the means.

I am grateful to my hon. Friend the Member for Falmouth and Camborne and other Front Bench colleagues for proposing the amendment. I hope that they will press it if the Government do not accept it, and that the House will support it. I congratulate them.

Stewart Hosie: It seems that there is a move to tackle two separate issues. The first is to create a vehicle excise duty regime that will offer a genuine disincentive to unnecessary use of high CO_2 emitting vehicles, and the second is to protect car users in rural areas where there is no alternative to the car and unnecessarily high costs.

The amendment draws attention to a number of flaws. First, the main penalty faced by drivers in remote and rural areas is the regular high cost of fuel, not the one-off cost of VED. The price of fuel went through the £1 a litre barrier in many parts of Scotland some time ago. The issue would be far better resolved by a sensible and sensitive fuel-tax regulator to lower the level of duty when world oil prices rise. It is a great pity that such a regulator was opposed by the Liberal Democrats and others last year.

The issue of fuel cost is extremely important. The last available rural Scotland price survey showed that in all of rural Scotland the price of road fuel was 6.3 per cent. higher on average than in urban areas. In the rural highlands and islands area, the price was 9.7 per cent. higher. This is a genuine issue.

The second flaw is that the amendment does not recognise the difference between genuine working vehicles and other high CO_2 emitting vehicles that happen to be in rural areas, for which a disincentive for high use or unnecessary usage would be welcome. For vehicles that are not used for genuine working purposes where the owners are as close, perhaps, to a supermarket or a filling station as the owners of vehicles in some of the suburban parts of my constituency, a reduction in VED would be unnecessary.

The third flaw is the definition—definition is incredibly important—of a sparsely populated rural area. The hon. Member for Falmouth and Camborne (Julia Goldsworthy) referred to the Countryside Agency's definition. Would she prepared to accept amendments to the amendment? Obviously the agency has no locus in Scotland or in Wales. That has been accepted. However, there are a number of definitions. The definition used by the Scottish Executive contains a sixfold description of rural and urban areas. That covers 98 per cent. of Scotland's land mass and 18.7 per cent. of the population. That definition would be wholly inappropriate.

There is also the Randall definition, which is based on sparsity of population. A sparsely populated rural area is defined as one with less than one person per hectare. The definition is based on local authority areas that cover Aberdeenshire, Angus, Argyll and Bute, Dumfries and Galloway, east Ayrshire, the highlands and so on.

[Stewart Hosie]

That definition would cover 89 per cent. of Scotland's land mass and take in 29 per cent. of the population. The use of such a definition would also be wholly wrong.

6.15 pm

I am on record in this Chamber—twice, and I stand by it—as saying that there is a world of difference between a Land Rover taking animal feed up a snowy field in late spring to early lambs, and a Chelsea tractor sitting outside a flat in Kensington. Of course something needs to be done to help genuine working vehicles.

Mr. Kevan Jones: I hear what the hon. Gentleman is saying, but surely vehicles working in fields are already covered by red diesel, for example.

Stewart Hosie: The Financial Secretary will correct me if I am wrong, but I believe that the Budget documentation referred to discomfort with the red diesel regime, because many on-road vehicles now fall within it. So I am not sure that the hon. Gentleman's point is particularly helpful in this regard.

In intervening on the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) during a previous debate, I argued that there is a difference between working vehicles and Chelsea tractors. He agreed and suggested that there must be a better way of dealing with the problem. I agree entirely. We need to establish a regime that does not penalise genuine working vehicles. We should have started with an analysis of the impact of high fuel and high VED, and I hope that we can soon establish a sensible fuel tax regulator similar to the one proposed previously. I hope, too, that the Government will consider what the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) said in a previous debate about an EU derogation for the areas to which he referred. Of course, there are other ways of defining "remote" and "sparse", but those terms are not defined in the amendments before us.

We will not support the amendments because they are ill-conceived and ill-thought through. They seek to reduce vehicle excise duty for too many people, which would be unhelpful in terms of the environment.

Mark Tami (Alyn and Deeside) (Lab): Define "we".

Stewart Hosie: The hon. Gentleman will be aware, given that he has been here for most of today's debate, that this has been a very sparsely populated debate, just as many of the parts of the country that we wish to help are sparsely populated. The amendments would not provide such help.

Chris Huhne: The hon. Member for Dundee, East (Stewart Hosie) made much of the difficulties that rural areas face in paying high fuel prices. I sympathise greatly with their situation, to which my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) also referred. I should however point out to the hon. Member for Dundee, East that money is fungible, and that although the people to whom he referred may be experiencing a disadvantage as a result of high fuel duty, if they have a corresponding and offsetting advantage through a reduction in vehicle excise duty, they will be free to spend that money as they like. That would deal with the problem, which is precisely what the amendments before us are meant to do.

The United Kingdom has a difficulty, in that the main instrument available for changing behaviour in terms of greenhouse gas emissions and climate change is green taxes. However, green taxes, of which two thirds comprise fuel duty, have fallen from 3.6 per cent. of gross domestic product in 2000 to 3 per cent., according to the latest figures. The Budget proposals will in fact lead to a further fall in green taxes as a percentage of GDP. One reason for the reluctance to rely more on green taxes and the price mechanism in providing an incentive to change behaviour is precisely those difficult cases such as rural areas. The relevance of amendment No. 21 is that it would deal with a specific set of problems and release a wider instrument to be used against greenhouse gases.

Rob Marris: The hon. Gentleman is speaking in favour of amendment No. 21, which, as I understand it, is not revenue-neutral. He is supporting an amendment that will cut green taxes, so he is speaking against his case.

Chris Huhne: The hon. Gentleman has participated in such debates for a number of years and is extremely well informed. He well knows that it requires a Minister of the Crown to table for debate an amendment that raises revenue. The Paymaster General seems to disagree, but that is my clear memory from last year. The amendments on self-invested pension plans were not selected for debate and the reason given was that they would raise revenue. The right hon. Lady was not prepared at that stage to table such an amendment, but I am pleased that by the pre-Budget report in October she had changed her mind, along with all the other Treasury Ministers.

Mr. Paul Goodman: So that we are all clear, may I ask the hon. Gentleman, who is making the second Front-Bench speech on behalf of his party, which is his preferred amendment for table B? Is it amendment No. 21 or amendment No. 26?

The First Deputy Chairman: Order. I remind hon. Members that amendment No. 26 has not been selected.

Chris Huhne: Thank you, Mrs. Heal. I shall speak about the amendment under discussion and highlight the difficulties faced by people in sparsely populated rural areas as a result of the high cost of fuel and of motoring.

In urban areas about 30 per cent. of households have no access to cars because they can rely on public transport. In rural areas—not even sparsely populated rural areas—only 8 per cent. of households are carless. That underlines how important the car is as a means of getting to work, getting to the GP's surgery, accessing basic services, accessing accident and emergency, doing the school run, and so on

My hon. Friend the Member for Falmouth and Camborne (Julia Goldsworthy) pointed out that households in rural areas spend more than £70 a week

on transport, compared with £45 a week in regional built-up areas. It is the operating costs of cars, including fuel, that make up the difference.That is why any reliance on green taxes to change behaviour must take account of the high dependency of all households, including poor ones, on fuel in rural areas, and why it is important to propose measures that can alleviate the costs of transport in rural areas as part of a package to encourage us towards more sustainable personal transport. We strongly support the Chancellor's intention to raise fuel duty in line with inflation in September, as announced in the Budget. Relief for rural areas makes that policy more robust and defensible because it takes the edge off for some of the worst losers.

The discount in the proposal is designed not for anyone living on the urban edge, but for areas where distances are important. Hon. Members are right to say that the Countryside Agency has defined the more sparsely populated parts of England, which are areas of Cornwall, Devon, Cumbria, Northumberland and the Fens. The definition covers the 5 per cent. least densely populated parts of England. It is easy to extend that to Scotland and Wales by regulation, as proposed. That answers the hon. Member for Dundee, East. The definition will be exactly equivalent. I look forward to replies from Treasury Ministers when they are in a more co-operative mood to honour written answers.

Stewart Hosie: Is the hon. Gentleman speaking of the 5 per cent. population in the most sparsely populated areas? Is it the bottom 5 per cent. only, based on sparsity of population? Is that the definition?

Chris Huhne: The hon. Gentleman may have misunderstood me. The Countryside Agency's definition of a sparsely populated rural area in England is of the least densely populated 5 per cent. of areas in England. If the same criterion—the same lack of density—is applied to Scotland, I have no doubt that it would apply to a substantially greater part of Scotland than of England, as Scotland forms 40 per cent. of the landmass of the United Kingdom. As this is a taxation matter, exactly the same definition should be applied in Scotland, Wales and England.

There is a very clear and robust definition, which is perfectly capable of handling the issue. I refer those hon. Members who would care to have more detail to the excellent paper of Messrs. Bibby and Shepherd, entitled "Developing a new classification of urban and rural areas for policy purposes—a methodology", which is published on the Office for National Statistics website.

Some sparsely populated areas, unlike many rural areas, are still declining. About 600,000 people live in the sparsely populated English areas out of a combined rural population of some 9.5 million. Those areas have particular problems in achieving one definition of sustainability—somewhere that people want to live and work—and the underlying problem is remoteness. There are dramatic differences—for example, in broadband connectivity, with just 33.4 per cent. of households in villages in the sparsely populated rural areas having such access, against more than 75 per cent. in villages in the less sparsely populated rural areas. People are further from public services, such as those provided by GPs, hospitals and secondary schools. Bus transport is even less frequent. The economy is clearly less successful. Income poverty is clearly higher than in other rural areas, although it is still broadly in line with the national average. That is why it makes sense to introduce a discount that helps those areas in particular.

In cost terms, this is a modest measure, partly because there are relatively few households in those sparsely populated rural areas and partly because such a high proportion of them are recorded as a second or holiday homes and therefore would be ineligible for the discount. Indeed, in sparsely populated villages, the Countryside Agency reports that almost one in 10 household spaces is recorded as a second or holiday home; about five times the number found in similar-sized settlements elsewhere.

There is another mitigating factor on cost. There would be no discount on the new band G or the vehicles that emit most carbon. The cost of up to £50 million a year for England, using the most conservative assumptions about the size of vehicles, is small by the side of the extra revenue that the Chancellor can hope to gain with both the indexation of fuel duty and a more radical approach to the progressivity of vehicle excise duty.

Although other proposals that deal with revenue raising cannot be debated because of the rules of the House, it is worth pointing out that the £2,000 revenue raising proposal, for example, would more than adequately fund the rural discount. This is a sensible package that would enable green taxes to do their work in helping to change behaviour, without raising taxes overall. As the increases in vehicle excise duty would operate for new cars only, the impact on purchasing decisions is open and transparent. No one could claim that they had not been forewarned. Moreover, there is a benefit for those with existing cars in sparsely populated rural areas that recognises their circumstances, thus allowing greater weight on fuel duty and other green taxes than would be allowed otherwise.

I note that the Liberal Democrats are the only major party to attempt to grapple with the issue. If we consider what the Chancellor has done, as opposed to the spin that he likes to put on the Budget, the reality is that green taxes have been falling, year on year, as percentage of GDP and, indeed, as a percentage of the overall tax take. I am afraid that the Conservative Front-Bench spokesman, the hon. Member for Wycombe (Mr. Goodman) has confirmed that the Conservatives show no interest whatsoever in using the price mechanism to change behaviour in this direction, and it is matter of regret that, in their proposed amendment to the general motion on the Finance Bill, they did not mention the environmental objectives that are such a clear and important part of such policies; at least that is something that the Chancellor recognises in words, if not in deeds. I very much hope that the House will support the amendment, as it clears the way to a substantially more radical approach to other green taxes.

6.30 pm

Malcolm Bruce (Gordon) (LD): I am grateful to my colleagues for tabling this group of amendments and enabling us to have this debate, because it demonstrates that, at least on the Liberal Democrat Benches, there is a recognition that environmental taxes have a social

[Malcolm Bruce]

consequence and need to be refined. They cannot be applied as a blunt instrument. The speech made by the hon. Member for Wycombe (Mr. Goodman) on behalf of the Conservative Front Bench confirms to anyone who listened to it why the Conservative party is almost non-existent in Scotland. It has no understanding of what sparsity and remoteness are about, other than in terms of its own support.

My hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso), who represents a constituency that has all those characteristics and has a real understanding of the matter, has given a pretty coherent account of why the needs of people in such areas should be addressed by the House in the way that the amendments try to do.

In a brief intervention I simply want to make the point that car ownership in rural areas, and certainly remote and sparsely populated rural areas, is not a luxury but a necessity, and the costs imposed are a real burden. There are factors that need to be taken on board. For example, the Scottish Executive have been reviewing their definition of poverty because on a previous definition car ownership meant that one could not be poor. In reality, poor people in rural areas simply cannot function without owning a car, yet under a previous definition people owning a car were not allowed to call themselves poor. That is the sort of absurdity that one gets into when the definitions do not take into account the reality on the ground. The amendments seek to do that.

My hon. Friend the Member for Eastleigh (Chris Huhne) has demonstrated clearly that this is a coherent and balanced part of an overall policy, and one that the Conservative party would be well advised to take a little more seriously and not try to predetermine when, frankly, its own policy has no intellectual coherence whatever. In particular, it showed no interest in the problems of poor people living in rural areas, only a desire to have a go at the Liberal Democrats for really trying to address the issue. I just note in passing that the Scottish Nationalists sent the hon. Member for Dundee, East (Stewart Hosie) to make the argument, not one who represented a rural or sparsely populated area who might have had some greater understanding of the problems being addressed.

Stewart Hosie: I thank the hon. Gentleman for giving way, not least because I am the party's Treasury spokesman and this is my brief. Two thirds of the landmass of my constituency is in Angus, and one ward is fully rural. I have a perfect understanding of the issues that the hon. Gentleman is discussing.

Malcolm Bruce: We shall see, but I do not think that the hon. Gentleman's contribution demonstrated that understanding. He was implying—this was what slightly nonplussed me—that he thought it unfortunate that our amendments would have qualified a greater proportion of the population of Scotland to receive the benefit. I should have thought that a Scottish MP would welcome the fact that amendments were being tabled that had particular relevance to rural areas of Scotland and from which a greater proportion of Scottish households and individuals would benefit. My hon. Friend has confirmed that applying the English Countryside Agency's definition to Scotland would inevitably reach a greater percentage, for the simple reason that we are defining remoteness and sparsity and the problems that go with them.

I have just been dealing with a matter relating to fuel poverty in Scotland. Central heating fuel bills in Scotland can be 68 per cent. higher than in the south of England, and the same applies to transport costs for many people living in the north-east, the north of Scotland, the borders and the rural areas of Scotland. Through necessity, transport costs are much higher. Another problem is that, given that people on low incomes have to struggle to pay high excise duties and higher fuel charges, one thing that often goes by the board is regular vehicle maintenance, which has detrimental effects on the environment.

I commend the amendments, which address a real issue and show the understanding of a party that supports the case for developing green taxes, that in order to ensure that those taxes do not fall disproportionately on people in disadvantaged areas we must introduce refinements. That is what the amendments seek to do and I commend them to the House.

John Healey: The debate has been entertaining, Sir Michael, particularly for Government Members. It has also been comprehensive and, if I may so, entirely between the Opposition parties. That is also entertaining, given that these are the parties that are supposed to have reached some consensus on climate change. That comprehensive debate leaves me, in all honesty, with very little else to say.

The amendments proposed by the hon. Member for Falmouth and Camborne (Julia Goldsworthy) call for the introduction of regional rates of excise duty so that those with a postcode in rural areas can pay less than urban areas. I have both principled and practical objections to those proposals. UK vehicle excise duty rates are set at the current level for good reasons. First, they raise revenue to fund essential services and, secondly, they help to achieve environmental objectives, which apply equally to rural areas as to the rest of the UK.

Chris Huhne: Will the Minister give way?

John Healey: No, I will not; I am responding to the amendments proposed from the Liberal Front Bench by the hon. Member for Falmouth and Camborne. That is what I am responding to—despite the hon. Gentleman's own speech.

In addition to the technical and practical deficiencies of the amendments, introducing a separate rate of vehicle excise duty for rural areas would also present significant administrative difficulties as well as compliance problems. Motorists could easily register vehicles in designated sparsely populated rural areas and then use them exclusively or predominantly in urban areas. Other hon. Members have already mentioned the technical and practical difficulties, to which I am now adding administrative and compliance difficulties.

Julia Goldsworthy: I noticed that the Minister referred to the environmental objectives of vehicle excise

duty. Will he provide further detail on the impact on behaviour of the structure that he has proposed? Will he also recognise the burden on people living in remote rural areas and the fact that they are reliant on cars because they do not have any realistic alternative? I hope that he will take seriously the points that Liberal Democrat Members have passionately made.

John Healey: I am disappointed in the hon. Lady. I did not accept the intervention of the hon. Member for Eastleigh (Chris Huhne), who gave his question to the hon. Lady to put to me. The question she poses, however, is a question for the clause stand part debate, not our debate on vehicle excise duty amendments. I do not accept that the Liberal Democrat amendments are desirable or workable. I do not accept that a principled case has been made for them. I believe that they would prove administratively complex and open to abuse. If pressed to the vote, I urge my hon. Friends to reject them.

Amendment negatived.

Question proposed, That the clause stand part of the Bill.

John Healey: We had a wide-ranging debate on a narrow set of amendments, but I should make some remarks in the clause stand part debate. In general terms, I welcome the fact that climate change is increasingly recognised as one of the most serious global challenges that we face. In the UK, we produce just 2 per cent. of global greenhouse gas emissions, but we must build on the progress that we have made on our Kyoto obligations. We are and remain one of the few countries on track to meet our obligation. We must also build on our ambitious domestic goals to cut carbon and move to a low-carbon economy. It is right to do more and it was right for the Chancellor to have done more in his Budget announcements.

Transport is one of the key sectors in which we need to build on existing reforms. It is the second largest source of carbon dioxide emissions in the UK and a source of significant air pollution. The vehicle excise duty system has been radically restructured, and it is now based on carbon emissions. Under this Labour Government, the UK has taken the lead in introducing a structure for vehicle taxation that differentiates according to CO_2 emissions, just as we did with the climate change levy and the first economy-wide emissions trading scheme. The European Commission has recommended that graduated VED should form the blueprint for vehicle taxation across the EU. The graduated VED system is designed to provide a signal to consumers at the point of purchase to bear in mind the environmental impact of the models that they are considering.

Julia Goldsworthy *rose—*

Chris Huhne *rose—*

John Healey: I shall give way to the hon. Lady, who is leading for the Liberals in this debate and who is shadow Chief Secretary.

Julia Goldsworthy: Returning to my earlier intervention, what impact does the Financial Secretary think that the new VED band will have on consumer behaviour?

John Healey: If the hon. Lady studies the evidence on the impact of the graduated VED scheme, she will see that the VED scheme at the point of purchase has a relatively modest impact on consumer behaviour. The point is to incorporate into the system signals to the consumer at the point of purchase to consider the environmental impact and environmental performance of the models that they are considering buying. The system is also designed to provide signals to car manufacturers to encourage still greener engine design and performance.

Clause 13 builds on the environmental signals already in place by reducing VED band A to zero. It reduces the VED for cars in band B by £35 a year and for cars in band C by £5 a year. It freezes VED for cars in bands D and E, and it increases VED for vehicles in band F by £25. To further strengthen the environmental signals, the clause also introduces a new band G, which increases VED for the most polluting cars.

In the run-up to the Budget, we received representations from a number of organisations, including the RAC Foundation, which advanced the argument that now is the right time to widen the differentials between the least and the most polluting bands. Clause 13 does just that and it means that the differential between the lowest VED rate for petrol cars and the highest, which was £100, is now more than double that at £210. The Budget announcements will see VED frozen or reduced for 50 per cent. of cars, with around 3 million cars now paying VED at £100 or less. The clause 13 reforms build on the existing VED framework and support the drive for further falls in transport emissions for new cars in the future.

Julia Goldsworthy: The changes in clause 13 are one of the main headlines in the Budget and were used by the Chancellor to bolster his green credentials. He announced with great fanfare that there would be a new band of VED. Incidentally, given the fight to get on the front foot on that issue between the Conservative party and the Labour party, I am surprised that the Conservatives did not call for this clause stand part debate.

In his Budget speech, the Chancellor said:

"I propose to radically reform vehicle excise duty."—[*Official Report*, 22 March 2006; Vol. 444, c. 295.]

The Financial Secretary has said this about the measure:

"The strengthening of environmental incentives announced in the Budget is designed to give a clear signal to motorists to consider the environmental performance of vehicles at the point of purchase"

which is a point that he has just restated. The reality is that the measure involves the smallest possible change to the most polluting vehicles. The new band G includes a maximum charge of £250 per annum, which means that the most polluting cars—cars that emit more than 225 g of CO_2 per kilometre—attract a price differential to the next band down that is equivalent to less than half a tank of petrol. What difference will that make to consumer behaviour? The environmental impact of the change in consumer behaviour will be negligible. My hon. Friend the Member for Cambridge (David Howarth) tabled a parliamentary question about the issue and was told that the estimated carbon savings of the new higher

[Julia Goldsworthy]

band of vehicle excise duty would be equivalent to 0.06 metric tonnes of carbon emitted by 2010. He was told, however, that

"calculating this figure is complex and subject to a significant margin of error."—[*Official Report*, 28 March 2006; Vol. 444, c. 972W.]

As there is virtually no impact on behaviour, the initiative is an eye-catching but ultimately meaningless measure.

6.45 pm

On what evidence did the Treasury base its decision to set the new band at a maximum of £215? The Energy Saving Trust produced a significantly different figure and came to some very different conclusions. It agrees that a new band G should be introduced, but it made it clear that

"very high carbon cars should pay significantly higher VED than they do now."

It reasoned that the average carbon dioxide emissions from cars sold to the private consumer market has increased—not decreased—since 2002–03. That should be of concern to the Minister, as private car sales account for nearly half of new annual registrations in the UK or 1.2 million sales. We therefore need to change consumer behaviour, and Government intervention is required to promote and incentivise the low-carbon car market.

Another key finding in the Energy Saving Trust report is that vehicle excise duty has had little impact on the carbon profile of the private car market. It argues that the proportion of vehicles falling into band F is too high at 50 per cent., and that the differentials are too low to change behaviour. Although there has been some tinkering with differentials and bands in the Bill, the differentials remain incredibly small. For example, the differential between bands F and G equates to less than a tank of petrol, which is hardly enough to change behaviour. Does the Minister believe that the differentials in the Bill are sufficient to achieve a significant impact on consumer behaviour and, if so, on what evidence is that view based? The Energy Saving Trust calculated that the differential for the new band should be about £2,000, rather than £50, to have an impact on behaviour. Will the Government consider adopting such a measure in future years?

Mr. Kevan Jones: I am listening carefully to the hon. Lady, but less than 10 minutes ago Liberal Democrats moved an amendment to make rural areas a tax-free haven for gas guzzlers and petrol heads. Is she trying to tell the House that those areas are exempt from the provision, but that the rest of us must go down the green route?

Julia Goldsworthy: I was making the point that they are much more vulnerable to increases. We are therefore trying to release the mechanism so that it can be used to change behaviour effectively. In rural areas, it does not matter how the VED bands are set as people have to use a car. If they are on a lower income they are forced to spend more and more, so we are trying to provide relief for people who are disproportionately and unfairly affected. The mechanism can be used to change behaviour if there is an alternative.

A series of amendments on the need for wider differentials was tabled by Liberal Democrat and Government Members who tried to provide a solution to the problem. I accept that it is not appropriate to refer directly to those amendments, but I urge the Government to consider them. They should investigate the differentials required to make an impact on behaviour and consider ways of implementing them. In the longer term, road user charging may represent a fairer alternative. The Government are looking into the feasibility of such a scheme, which Liberal Democrats support, and I hope that they will seriously consider the practicalities and time scales. An effective mechanism is required so that motorists pay when and where they are driving. That is a fairer way to target relieving congestion in problem areas without penalising people in rural areas, and it provides freedom from pollution, congestion and the effects of climate change. I hope that the Government will consider that alternative.

In conclusion, the decisions in the Budget and the proposals in the Bill mean that green taxes will continue to drop as a proportion of the total tax take, regardless of the Chancellor's warm words. The Bill was an opportunity to create real incentives for people to choose more environmentally friendly cars. It was an opportunity even to consider more radical proposals such as road user charging. It is an opportunity that has been wasted, and in its place we have seen tokenism of the worst kind.

Rob Marris: We should review what the Government have done as regards motoring and emissions. In 1997, they introduced monitoring of CO_2 emissions from vehicles. They introduced bands A to F labelling on fuel efficiency. They carried out a major overhaul of the company car tax regime, which has led to a significant fall in the average emissions output of company cars. They introduced banding of vehicle excise duty—the graduated scheme that has been mentioned. This country is likely to more than meet its Kyoto targets. Between 1997 and 2004, there was a 10.7 per cent. cut in the new car average emissions of noxious gases, particularly CO_2. Now, clause 13 introduces band G, with lower bands at the beginning of the scale.

Julia Goldsworthy: Will the hon. Gentleman give way?

Rob Marris: I will not, I am afraid, because I do not have time.

There are some negatives. In recent years, private buyers have been buying fewer fuel-efficient cars each year. In 2003–04, the average figure for CO_2 emissions was 170 g per km. On average, that is higher than the figure for private fleet new vehicle purchases in 2002. In 2005, the UK average was 169 g per km, making us fourth worst out of the 15 European Union countries before accession. The western European average is 160 g per km. The European Union target, which is adhered to in principle by this Government, is to get average emissions for new vehicles purchased in the UK down to 140 g per km by 2008. Unless something dramatic happens, there is no prospect whatsoever of our

reaching that target, given that our average in 2005, three years beforehand, was 169 g per km. In some ways, we are even behind China, which has legally binding maximum CO_2 emissions for cars based on their weight.

I am disappointed with clause 13 in terms of where we should be going. Next year, we should hit gas guzzlers—4x4s are not the only issue. MORI research for the Department for Transport indicated that 72 per cent. of people would swap their vehicles if there was a £300 or more differential on vehicle excise duty. Clause 13 is a start, but the new band G is not nearly enough of a differential.

We have heard about people in rural areas going across the fields in 4x4s to do their spring lambing. I have to say to hon. Members that of the 10 highest CO_2-emitting cars, only the Chrysler Jeep SRT 10 comes into the category of a vehicle that one could take lambing. Those that do not include the Lamborghini Diablo, the Lamborghini Murcielago, the Bentley Arnage, the Aston Martin DB7 GT, the Ferrari 612 Scaglietti, the Aston Martin DB7 Vantage, the Lamborghini Gallardo and the Aston Martin V12 Vanquish. They all emit more than 448 g of CO_2, compared with 109 g for some of the lowest-emitting vehicles, such as the Toyota Aygo, whether petrol or diesel. Band G is not set high enough. As the hon. Member for Falmouth and Camborne (Julia Goldsworthy) said, some 4x4 vehicles, for those who need them, emit considerably less than 200 g per km—the Toyota RAV4, for instance. I urge my hon. Friend the Minister to look at this seriously and to do a whole lot better than clause 13 in next year's Budget.

Mr. Paul Goodman: Given that we have not had the chance to vote on the Liberal Democrat amendments for reasons that have not been satisfactorily explained, I shall contribute briefly to the stand part debate.

Tables A and B are the key to the clause. It is clearly sensible in principle to use the tax system to encourage motorists to go green. It therefore follows that one should tax the most polluting vehicles most heavily and the least polluting vehicles least heavily, if at all. Changes to vehicle excise duty bands must therefore be carried out with conviction and at least look to make a difference to consumer behaviour.

Let me sum up the consensus of opinion of the organisations that commented on the Government's proposals. It is that, although the Government are moving in the right direction, the changes lack conviction. Transport 2000 called the new top rate "derisory" and said that the changes would hardly pay for the new paperwork. Friends of the Earth called the changes "utterly inadequate" and said that they

"will not result in the widespread uptake of cleaner vehicles, and will, therefore, not reduce the rising cost of climate change to the transport sector."

Greenpeace said that

"the Chancellor must know that £210 is far too little money to stop anyone buying a gas guzzler."

On the lowest rate, it is not unreasonable to expect a tax incentive to be of some use to the consumer. Members on the Treasury Bench will be aware of the point that was made previously that no cars on which the new rate would apparently apply are currently available on the market. There therefore appears to be little conviction.

There are two courses than an Opposition can take on the Government's proposed changes. They could table amendments to try only to reduce the take from vehicle excise duty because one cannot propose an increase in a Finance Bill. If the Liberal Democrats want to do that, that is up to them. We believe that that is an irresponsible approach and that the Opposition should look forward to 2009, when my hon. Friend the Member for Tatton (Mr. Osborne) will present his first Budget. We will try to provide greater incentives at the bottom band and consider heavier increases at the top. If the Liberal Democrats want to make tax and spending pledges, that is up to them, but we cannot say whether our proposal will be a revenue-neutral package or constitute a reduction.

Julia Goldsworthy: Will the hon. Gentleman give way?

Mr. Goodman: I apologise but I want to allow the Financial Secretary time to reply. We cannot say now whether, in 2009, the incentives will be part of an overall package that tries to reduce the tax take—which the Liberal Democrats propose today—whether they will be revenue-neutral or constitute an increase.

In summary, the Government are heading in the right direction by introducing a new zero bottom band and a heavier top band but that does not appear to be done with conviction because it will make little difference to what people consume in the market.

John Healey: Earlier, I set out the purpose and outlined details of clause 13 and I am glad that the hon. Member for Wycombe (Mr. Goodman) says that it is going in the right direction. It may interest hon. Members, especially the hon. Member for Falmouth and Camborne (Julia Goldsworthy), to know that in 1997 only 4 per cent. of the cars that were registered that year had emissions below 140 g per km. In 2005 the figure was 18 per cent. Our reformed vehicle excise duty system plays a part and makes a contribution, alongside other policies, towards driving down the average emissions by cars.

I am especially grateful to my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) for reiterating many of the points that I made about the Government's strong environmental record. I take his point about gas guzzlers as an early representation for the Budget in 2007.

I commend the clause to the House.

Question put and agreed to.

Clause 13 ordered to stand part of the Bill.

Clauses 14 and 15 ordered to stand part of the Bill.

Bill (Clauses 13 to 15, 26, 61, 91 and 106 and Schedule 14) reported, without amendment; to lie upon the Table.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

NORTHERN IRELAND

That the draft Planning Reform (Northern Ireland) Order 2006, which was laid before this House on 8th March, be approved.—*[Mr. Watts.]*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

PROTECTION OF CHICKENS KEPT FOR MEAT PRODUCTION

That this House takes note of European Union Document No. 9606/05, Communication from the Commission of a Proposal for a Council Directive laying down minimum rules for the protection of chickens kept for meat production; and agrees that the Government should secure sustainable and affordable improvements to meat chicken welfare through effective and proportionate means, including a harmonised environment and inspection regime.—*[Mr. Watts.]*

Question agreed to.

SITTINGS OF THE HOUSE

Ordered,

That, at the sitting on Monday 8th May, the Speaker shall not adjourn the House until any message from the Lords has been received, any Committee to draw up Reasons which has been appointed at that sitting has reported, and he has notified the Royal Assent to Acts agreed upon by both Houses.—*[Mr. Watts.]*

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Monday 8th May, notwithstanding the provisions of Standing Order No. 16 (Proceedings under an Act or on European Union documents), the Speaker shall put the Questions necessary to dispose of proceedings on the Motion in the names of Mr Douglas Alexander and John Healey relating to European Union Documents not later than three hours after their commencement; proceedings may continue, though opposed after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.—*[Mr. Watts.]*

Missed NHS Appointments

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watts.]*

7 pm

Grant Shapps (Welwyn Hatfield) (Con): I rise to raise the issue of missed appointments in the NHS and the extraordinary cost and impact involved. The matter first came to my attention through one of my constituents, Mr. John Mitchell, who I am pleased to say is watching the debate this evening. Mr. Mitchell, who is from Welwyn, missed a hospital appointment. Being a public-spirited gentleman, he kindly took the decision to send the East and North Hertfordshire NHS Trust a cheque for £15, as he wished at least to make a gesture to make good following his missed appointment.

Imagine Mr. Mitchell's surprise when the trust, which is some £53 million in deficit, returned his cheque, saying that it did not need it or could not cash it, or something like that. Missed appointments cost the trust about £2.8 million a year. I pay tribute to John Mitchell for taking such a public-spirited approach. He had been to the dentist the previous week and seen a notice saying, "If you miss your appointment, there will be a £15 charge". He therefore thought that the NHS trust would accept the money, and that it might help to make up for his missed appointment.

That case sparked my interest in the subject, and the Minister will be interested to hear that I then fired off freedom of information requests to each of the 245 acute trusts in the country. I cannot reveal the details yet because I have not got all the information together. On Monday, however, I will have it, and I shall issue a report that I shall be happy to share. It does not take much to realise that if my medium-sized NHS trust is some £2.8 million adrift as a result of missed appointments, and if there are 245 acute trusts, including the ambulance trusts, in the country, we must be talking about a very large sum of money indeed.

I want to address the issue of missed appointments and to find out what the Government intend to do about it. I also want, to call for much more action than is apparently on the cards at the moment. I know that the issue has been raised with Ministers in the past, and that they said that they would take measures to cut the number of so-called "no-shows". It is therefore a mystery to me that, two and a half years after they made that pledge, nothing has happened. I have the figures here for 2003, when there were about 5 million missed appointments, and 2004, when there were about 5.7 million. Despite the fact that we are only just into May, I shall be able to reveal the figures for 2005 on Monday, and I am afraid that they do not make good reading for the Minister.

The response so far has been to look for solutions that involve very large computer-oriented fixes. We are all familiar with the £6.2 billion project designed for booking appointments, the so-called choose and book system. We are also aware that the project has been mired in controversy, with backlogs, and with money going down the drain. It was supposed to be up and running by last year, but it was not. I would be interested to hear a progress report from the Minister on that system. An efficient choose and book system would of course make a great deal of difference in cutting the

number of missed appointments. However, the Government seem to confuse spending vast sums of taxpayers' money on complicated computer projects with actually fixing the problem.

In the context of the pledge to try to reduce the number of no shows, and the reference to the new £6.2 billion computer system, does the Minister feel that that was money well spent? Has it lived up to expectations? Clearly it cannot have done so far. Will it live up to expectations, or will that money never be recovered? I ask that question for a very good reason: £6.2 billion is perhaps six times the deficit for this year alone in the NHS. That is an awful lot of money, and so far we have seen no benefits from the system. I have figures from August last year showing that if the system had been on target, 205,000 appointments should have been made. However, only 63 appointments were booked though the computerise' system. I would be interested to hear an update on those figures from the Minister.

The NHS has a big problem of missed appointments, which is costing it a huge amount of money. I will have the figures for that on Monday, and I would not be surprised if the sum is the same as the total deficit in the NHS for last year. I hope that the Minister will accept that that is a huge issue, and I know that the Government have accepted previously that it is a problem. The proposed solution appears to be a very large computer project, which, according to the National Audit Office, has gone terribly wrong. I am keen to hear an update on that.

Simultaneously—let us not forget that this is at the heart of the problem—my East and North Hertfordshire NHS Trust, which serves perhaps 300,000 people in the Welwyn Hatfield area, while losing all this money through missed appointments and many other problems relating to its financing and running, is closing down children's services, the blue light accident and emergency department, the maternity department, elective surgery and many other services besides. We must get to grips with that problem, which has now spiralled out of control. I am pretty sure that the answer is not spending money. There must be solutions relating to the role of management and Ministers in the running of the NHS.

Before the Minister starts accusing me of wanting to charge all the patients who miss appointments, let me say that that is not what I am driving at. I use the NHS myself, and do not have any other kind of health cover. Indeed, my life was saved by the NHS in 1999–2000, when I was effectively treated for Hodgkin's lymphoma. I am indebted to the NHS. I do not want to hear anything about how, if the Conservatives got into power, we would start charging people for all their NHS services. That is not what this debate is about—I know that, because it is my debate. What I want to know is what will happen about missed appointments.

The Minister might try to tell us that these problems are much more complex than I am trying to represent them as, that the administration involved is somehow beyond our comprehension, that the £6 billion IT system might ultimately resolve the problems—although so far we have little to show for the expenditure—and perhaps that dark forces are at work that a mere Back Bencher cannot easily comprehend. I would point to research carried out by the NHS on why people are missing their appointments. What is the great reason behind more than one in 10 people missing their appointments, at huge cost to the NHS? According to that research, two thirds of those people simply forget.

I am not convinced that a £6.2 billion computer project is required to remind people of their appointments. I approve of spending on technology in the NHS and can see the worth of it. What worries me more than anything, however, is that where there is a problem there is a budget, that when that budget is broken, that does not much matter, and more will be spent until the problem is solved.

I do not think it is good enough to say that spending money on huge computer projects is a panacea that will solve a problem two thirds of which is due simply to the fact that an individual forgot to turn up for an appointment. There must be something else that we can do, and some of the solutions may be blindingly straightforward, as is the problem itself—the fact that people are simply forgetting about appointments.

Let me run a few of my ideas past the Minister. Perhaps I will receive a response. It seems to me that when my constituent Mr. John Mitchell, being a public-spirited gentleman, sent a £15 cheque to the NHS trust, it might have been better had it been cashable by the trust. That was, after all, my constituent's intention. I should have thought that if the trust did not feel that it could cash the cheque, it would have been appropriate to send it to the League of Friends of the QEII hospital.

What interests me is where the blockage lies. When the trust was asked about the matter, the head of communications, one Peter Gibson, told the local newspaper, the *Welwyn and Hatfield Times*, that it would be simply illegal to accept the £15. I ask the Minister this: is it illegal to accept a £15 donation, and if so, why? If it is not illegal, will the Minister undertake to drop a note to the chief executive of the East and North Hertfordshire NHS Trust, Nick Carver, explaining that it is not illegal? While she is at it, perhaps she will write to the other 264 trusts in England and Wales telling them that they can accept such donations.

On Monday, when I release a report containing all the data from all those 264 trusts, I shall be very surprised if other people do not come forward with exactly the same story. I am fairly convinced that a string of constituents from all over the United Kingdom will say, "That's funny: exactly the same thing happened to me."

I should have thought that in an age when people care passionately about the national health service and really want it to work, the Government and Ministers would want to do more to ensure that people who are generous in spirit, like my constituent, can make up for their error in forgetting to turn up for an appointment. I should have thought that there was sufficient good will throughout the nation for the establishment of a rather more formal arrangement.

Another solution might be to adopt the dentists' system. There might be a compulsory charge, or it could be suggested that those who missed appointments might like to make a payment. I would be surprised if that did not raise several million pounds a year.

There are practical solutions that the Minister could pledge to adopt this evening. She could write to all the chief executives reminding them of the legal position. If it is not the case that, as the East and North Hertfordshire NHS Trust claimed, it would have been

[Grant Shapps]

illegal to accept the money, a letter to remind trusts of that would cost only 264 postage stamps and could save the NHS a fortune. The Minister could also consider whether it would be possible to introduce a scheme that would stop shy of compulsion, but would go as far as inviting public-spirited payments for missed appointments—if necessary, through a separate fund, or possibly to organisations such as the league of friends of the QEII hospital, which has equivalents throughout the country, or indeed to the main coffers of the trust itself.

I feel that my questions require answers. I hope that on Monday the Minister will be interested to see the results of the research that I have conducted throughout the country. I also hope that if I send her a copy of my report on the total cost of missed NHS appointments, she will tell me whether further measures could be taken to reduce the number of missed appointments—and I very much hope that the solution will not be purely and simply to rely on a £6.2 billion computer project that we all know has gone badly wrong.

7.14 pm

The Minister of State, Department of Health (Jane Kennedy): I must confess that when my private office approaches me and says "You must respond to an Adjournment debate", my heart often sinks. On this occasion, however, I must compliment the hon. Member for Welwyn Hatfield (Grant Shapps) on the entertaining way in which he presented his case, and the industry that he displayed.

I was aware that the hon. Gentleman had made requests under freedom of information legislation to various health organisations, and I compliment him on his industry. He is right that this is an important issue: we take it seriously and acknowledge that it is problem.

I shall not adopt a political position and say how much better things are under this Government. That would not be appropriate, but it is important to set the context for the debate and make it clear that our investment and reforms are having an impact on waiting times. In the past four years, waiting times for a first out-patient appointment have halved, falling from 26 weeks to 13. The maximum waiting time for an operation is now six months—and the average is even lower—compared with the two years or more that some patients used to endure.

I do not pretend that the new connecting for health computer system will be the panacea that resolves all problems. I shall detail what I expect will happen in a moment, but our investment means that the NHS will have a proper IT system that is able to track patient progress. That will make it much easier for patients to contact their GPs and the consultants dealing with their cases than has been the case in the past.

In addition, we are enabling patients to choose where they will go for treatment. The connecting for health system does much more than allow hospitals to track people who do not turn up for appointments. The hon. Member for Welwyn Hatfield referred to the electronic booking system that we are putting in place. That will enable patients to select the time and date, as well the place, for their treatment.

On top of that, our financial reforms are developing incentives in the NHS to tackle the problem locally. Payment by results should mean that hospitals will no longer be able to pass on the costs of missed appointments to their commissioners. I understand that a figure of £100 per missed appointment is being bandied about. It is not one that I recognise: I think that it overstates the cost by quite a large amount, although I accept that missed appointments are a cost to the NHS.

Grant Shapps: That figure is based on Government estimates in the past, although I admit that I have only seen it quoted in various articles and do not know its precise source. However, I have much more detailed information about the actual cost of each missed appointment. I assure the Minister that my estimates will be based not on the £100 figure, but on independent health trust statistics.

At the beginning of her speech, the Minister reeled out some information about how appointments were being speeded up. Does she agree that that makes little difference to people in Welwyn Hatfield, given that the QE2 is all but being closed down?

Jane Kennedy: Clearly, I do not accept what the hon. Gentleman says about his local hospital, and I shall speak in a moment about the efforts being made by the local health organisation to reduce the number of occasions on which appointments are missed and the cost that flows from them.

Where missed appointments are a particular problem, NHS trusts already have the devolved power and the incentive to tackle them locally. Hospitals know their rates of failed attendances. Those figures are predictable, and NHS trusts are dealing with the problem. For example, it is likely that two patients out of 20 will not turn up to a clinic. When a patient does not show up, doctors do not just sit on their hands: they get on and see the next available patient.

Like other NHS trusts, East and North Hertfordshire is taking action locally to reduce the number of missed appointments. That goes beyond merely spraying money at the problem, but includes improving the quality of the trust's communication with patients. Reminders are sent out, and the trust also follows the matter up with those who fail to attend. In addition, it contacts the GPs of people who frequently miss appointments. That generally makes clear what the problem is, and I assure the House that it is not the same for all patients. I shall be interested in what the hon. Gentleman's research uncovers in that regard.

The hon. Gentleman referred to his local newspaper. His local trust uses the media to explain how important it is to keep appointments or, if that is not possible, that the trust is contacted to change the appointment. That has enabled the trust to reduce missed out-patient appointments by nearly 10 per cent. this year and it is planning action to reduce them even further next year.

The hon. Gentleman said that his constituent, Mr. Mitchell, had offered a contribution towards the cost of his missed appointment. I understand that his contribution was not accepted because it was offered as a payment. As I hope we all accept, the health service does not make charges to patients, so it cannot accept payments. However, had the contribution been offered

to the League of Friends of the hospital, as the hon. Gentleman suggested, it would have been in order for the friends to accept it. A donation is different from an offer of payment, which was, I understand, the context of the offer.

The issue of missed appointments is important and I thank the hon. Gentleman for raising it and allowing me the opportunity to explain the work that the Government and the health service are doing to reduce that extra burden and cost to the NHS. One of the reasons that the issue is so important is that the NHS is treating more patients than ever. In the last year, 9 per cent. more patients were seen in out-patient clinics and 6 per cent. more as in-patients than under the previous Government. Despite that, the proportion of missed out-patient appointments is coming down—from 13 per cent. last year to 12 per cent. for the first three quarters of 2005–06.

Grant Shapps: I want to check some of those figures, to make sure that I heard them correctly. The number of missed appointments is not coming down for the year as a whole, so will the right hon. Lady undertake to ensure that there is some feedback on those figures when the report is submitted? The numbers mean nothing to me in the context of the research that has been carried out, so I suggest that they may be wrong.

Jane Kennedy: The Government will receive the hon. Gentleman's report with interest when it is ready for publication.

The electronic booking system to which the hon. Gentleman referred earlier should allow patients to see all available dates and times. They can then book an appointment straight after seeing their GP, or at their own convenience after checking with friends and family. We have been testing the system and we know, from pilot sites, that it has a strong, positive impact on missed appointments. The hon. Gentleman may be interested to learn that in one pilot scheme, the out-patients manager reported that none of the patients who had been electronically booked failed to turn up for their appointment. In another pilot, cardiology missed appointments dropped to 10 per cent. for electronically booked appointments, compared with 30 per cent. for traditionally booked appointments. At the Good Hope Hospital NHS Trust, the first two years of electronic booking helped to reduce missed appointments from 16 to 2 per cent. There is still further work to do and further improvements to be made, but we are making progress.

The investments we have made mean that now almost every out-patient appointment is booked in consultation with the patient, which is a massive improvement on the take it or leave it approach of the past. Although we do not collect figures on missed appointments with GPs, we know that it is an issue. That is why the Department of Health is funding the "Keep it or cancel it, but don't forget it" campaign to raise awareness among patients of the impact of their missed appointments. The campaign provides GP practices and primary care trusts with examples of best practice from other areas, as well as tools to help them to address missed appointments.

Finally, may I return to the point about charging patients for missed appointments? I do not believe that it would be right to charge for missed appointments. First and most important, we remain committed to an NHS that is free at the point of delivery, and I welcome the hon. Gentleman's generous comments about his gratitude to the NHS in his case. Charging for missed appointments would be not only wrong in principle, but uneconomic. Unless the fines were very large, it would cost more to collect them than it would bring in revenue. We are not sure how effective that would be. We know that many of the people who fail to attend are elderly or suffer from mental illness. Would it not be a cruel policy that punished the very people most in need of care and least able to pay?

We see a national health service that is treating more patients than ever before, treating them more quickly and reducing missed appointments. We are introducing systems that will allow patients for the first time to choose where and when they will be treated, and we are enabling local NHS organisations to tackle missed appointments at the grass roots. I accept that the problem is not resolved, and that there is still a way to go. I anticipate that the hon. Gentleman's report will enable us to consider further what more can be done to help local NHS organisations to reduce the cost to them of missed appointments.

Question put and agreed to.

Adjourned accordingly at twenty-six minutes past Seven o'clock.

House of Commons

Thursday 4 May 2006

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TRADE AND INDUSTRY

The Secretary of State was asked—

Artists and Entertainers (Fees)

2. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet the relevant unions and trade bodies to discuss up-front fees charged to artists, actors and models. [67723]

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I am very concerned about the number of people who are still charged up-front fees on the promise of work that never materialises by employment agencies that operate in the entertainment business. We revised the Conduct of Employment Agencies and Employment Business Regulations in 2004 to address this issue, but allowed agencies in some special sectors to continue to charge a justifiable fee where this could be shown to be necessary for the promotion of the artist.

It is clear, however, that abuses are occurring. In our employment strategy paper "Success at Work", we have said that we will look at the issues affecting agency workers, and that includes hard-sell tactics resulting in people paying high fees up front. My officials have already been in contact with the relevant trade bodies and unions, and I will be having discussions with them as we move to address this problem.

Mr. Bellingham: I am grateful to the Minister for that reply. He is obviously taking this issue seriously. Is he aware, however, that a recent survey by *The Stage* magazine shows that many young artists are being charged as much as £2,000 for either book fees or photographic services before the agency in question has found them any work? Also, a vigorous campaign by Clive Hurst has revealed that three quarters of the artists paying these fees receive no work at all in the following 12 months. Action is obviously needed, and I hope that the Minister will build on the action that he has already taken.

Mr. Sutcliffe: I am grateful to the hon. Gentleman for raising this issue, because it is causing some concern. Between 18 and 20 agencies that have operated in this way have already been prosecuted. The exemptions were there to enable agencies to promote artists and to recover the costs of the publications involved, but, as the review by *The Stage* has shown, this practice is on the increase, and we need to do something about it. We are determined to stamp it out, and I shall be taking action.

Mr. Gregory Campbell (East Londonderry) (DUP): In any discussions that the Minister has with the BBC, will he raise the issue of regional drama programmes made by BBC Northern Ireland? Many of them are going outside Northern Ireland, and even outside the United Kingdom, to give work to actors in other nations, even at the further reaches of the EU. Will the Minister ensure that pressure is brought to bear on the BBC to ensure that drama that represents part of the United Kingdom is based and shot in the United Kingdom?

Mr. Sutcliffe: I do not think that that is my responsibility, but I will be happy to work with the agencies involved—and to speak to the hon. Gentleman outside Question Time—to look into the details of the issue. I shall also refer the matter to my colleagues in the Department for Culture, Media and Sport.

Ethical Trading Initiative

3. **Malcolm Bruce** (Gordon) (LD): What discussions he has had with the Secretary of State for International Development on the ethical trading initiative; and what his policy is on the creation of an ethical scorecard for the benchmarking of companies. [67724]

The Parliamentary Under-Secretary of State for Trade and Industry (Meg Munn): Officials from the Department for International Development and the Department of Trade and Industry work closely together on the Government's corporate social responsibility agenda, including the ethical trading initiative. The Government are a strong supporter of the ethical trading initiative, and, through DFID, have provided core funding of more than £2 million since 1998. We are delighted that an increasing number of companies see the value of this scheme, demonstrated by their joining the organisation, and we encourage others to do so. We do not at present have plans to create an ethical scorecard.

Malcolm Bruce: I thank the Minister for her detailed reply. Will she acknowledge that the surest way to get poor countries out of poverty is to create quality jobs, and that the ethical trading initiative provides a significant way to do that? Is she also aware, however, of the evidence given by the director of the ethical trading initiative, Dan Rees, to the International Development Committee last week? He said that the Government

"could have a more coherent approach to ethical trading . . . I hear much from DFID but I do not hear nearly so much from DTI".

Will the Minister and her Department do even more to encourage British companies to join up and to practise ethical trading? Will she also consider whether some kind of benchmark or scorecard illustrating the achievements of British companies in this area might encourage more companies to take part?

Meg Munn: I am pleased that the hon. Gentleman's Committee is looking into this issue, because it is enormously important. I have read the evidence that was taken last week. We are not in favour of the ethical scorecard approach because it would be very difficult to implement, and we do not want to increase the burdens on business. Different businesses have a different make-up: large corporations, for example, might have hundreds of thousands of suppliers, compared with the number supplying small and medium-sized enterprises. However, many benchmarking tools already exist, including the FTSE4Good, which deals with a range of issues. Companies are increasingly recognising the importance not only of having an ethical policy but of demonstrating that that is the case.

The DTI is keen on the whole range of corporate social responsibility—we have a corporate responsibility academy, which is developing and which is a success—so I do not accept the hon. Gentleman's view that the DTI is not doing a great deal on this.

Ann McKechin (Glasgow, North) (Lab): While I welcome the Minister's response and support for ethical trading, can she give an indication of how the Government are considering the issue of public procurement at national Government and local government levels, so that we can continue to discuss corporate responsibility not only in the private sector, but in the public sector?

Meg Munn: My hon. Friend raises an enormously important point. Increasingly, the Government, and indeed other organisations, are recognising the real procurement opportunities that exist in relation to not only ethical issues, but a range of issues involving equality, equal pay and those aspects that she knows are very much part of my brief. We are continuing to look at the issue and to develop our thinking in that area. We welcome her comments and those of the Committee.

Mr. Jonathan Djanogly (Huntingdon) (Con): As champions of corporate social responsibility, Conservatives recognise the good work of the ethical trading initiative and we recommend that consumers consider the ethical status of companies when making their purchasing decisions. However, does the Minister agree that this is an area where the Government must be cautious of using the blunt instrument of regulation rather than information and transparency, allowing for consumer choice?

Meg Munn: Well, Mr. Speaker, a cautious champion. I am not sure that we have heard that before.

Mr. Djanogly: A wise champion.

Meg Munn: I hear the hon. Gentleman's comment.

I know that you are aware, Mr. Speaker, that I am a Labour and Co-operative Member of Parliament, as is my right hon. Friend the Minister for Industry and the Regions. We have long championed corporate social responsibility, so we welcome the Opposition to that point of view and would like them to be a little less cautious in this area.

BCCI

4. **Keith Vaz** (Leicester, East) (Lab): When he last met the liquidators of BCCI; and if he will make a statement. [67725]

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I have not met the liquidators of BCCI. Officials from the Insolvency Service last met with the liquidators in 2004. The liquidators sent the annual report of their administration of the company, made up to January 2006, in March. My hon. Friend knows that the Secretary of State is unable to intervene in the administration of any liquidation. The control of liquidation proceedings is a matter for the creditors committee and the court.

Keith Vaz: Has my hon. Friend had the chance to read the judgment of Mr. Justice Tomlinson, in which he condemned the liquidators of BCCI for bringing a flawed case against the Bank of England, which cost millions of pounds of creditors' money and lasted 256 days? Does he not agree that a liquidation that has lasted 15 years has lasted far too long? Will he therefore call the liquidators to a meeting at the DTI to try to bring the liquidation to a conclusion? He could be the first DTI Minister in the last 15 years to bring matters to an end. Is he ready for his place in history?

Mr. Sutcliffe: May I first commend my hon. Friend for the work he has done on behalf of the creditors of BCCI over many years in trying to restore their funds? To date, 81 per cent. of funds have been restored.

My hon. Friend makes a legitimate point about the position of the liquidators. The Secretary of State and I have no powers to intervene, but I am prepared to facilitate a meeting with the liquidators to see whether we can make any progress.

Construction Industry

5. **Gordon Banks** (Ochil and South Perthshire) (Lab): If he will make a statement on the contribution of the construction industry to the UK economy. [67726]

The Minister for Industry and the Regions (Alun Michael): The construction industry is one of the most important sectors of our economy. It accounts for 8.3 per cent. of UK gross domestic product and employs 2.1 million people. I am impressed by the improved integrated teamwork shown by the industry, which has been given a tremendous opportunity to showcase its strengths in the build up to the 2012 Olympics.

Gordon Banks: I thank the Minister for that response, but does he agree that construction is a sector of industry that could benefit significantly from deregulation and a reduction in the regulatory burden that it experiences?

Alun Michael: There are certainly aspects of regulation that cause burdens for industry, and we are committed as a Government to easing those burdens and to approaching this matter from the basis of better regulation. Regulation is needed—such things as building regulations and so on are crucial for high quality and the protection of the public—but we are

considering a variety of ways of doing that better. Only this week, I had a discussion with the construction industry umbrella organisations, which included that issue. I acknowledge the point made by my hon. Friend.

Mr. Philip Hollobone (Kettering) (Con): What is the Minister's assessment of the skills shortage in the construction industry and to what extent does that industry now depend on foreign labour?

Alun Michael: As far as skills are concerned, the London Development Agency and other regional development agencies are working closely with skills organisations. Where a lot of construction is likely to happen, such as in the area of the Olympics, skills training and encouragement will be necessary to ensure that our people can compete for such jobs. Again, I am impressed with the industry's leadership in that. Only last week, I joined the Prince's Trust and industry leaders to launch an initiative aimed at increasing the number of young people from more disadvantaged backgrounds who come into the industry, as well as encouraging people with the talent to lead to come into the construction industry. I acknowledge the importance of the issue.

Mr. Wayne David (Caerphilly) (Lab): Naturally, it is pleasing that the construction industry is doing so well, but is health and safety for workers engaged in that industry improving?

Alun Michael: Again, I am able to say that it is. That is one of the topics that I discussed with the umbrella organisations this week, and the engagement of the representative bodies and trade associations acknowledges the importance of such improvement. Like my hon. Friend, I am pleased at the industry's success, which has made an enormously important contribution in my constituency, as he is aware.

Israel/UK (Bilateral Trade)

6. **Rosie Cooper** (West Lancashire) (Lab): What the level of bilateral trade was between Israel and the UK in the last two years; and if he will make a statement. [67727]

The Minister for Trade (Ian Pearson): Let me begin by saying that the Government welcome the formation of the new Israeli Government today and look forward to working with Prime Minister Ehud Olmert to take the peace process forward.

Bilateral trade between Britain and Israel increased marginally to £2.38 billion in 2005 from £2.34 billion in 2004. UK Trade and Investment, through commercial teams in the UK and Tel Aviv, provides a full range of services to British exporters and investors wishing to do business in Israel.

Rosie Cooper: I join the Minister in welcoming the growth in trade between Britain and Israel. Given that the UK and Israel both have strong track records in research and development, particularly in medicine, information technology and engineering, does he welcome initiatives to improve research collaboration between the two countries to ensure that the UK stays at the cutting edge of those fast-moving industries?

Ian Pearson: I know that my hon. Friend has visited Israel and is well aware of the technological potential and capability of its companies, of which we in the UK are well aware. The Britain-Israel Technology Foundation—Britech—was set up by the Israeli and British governments to support collaboration between high-tech companies, and broadening those links is certainly high on my agenda. I hope to visit Israel with a trade delegation later this month. The major tradeable sectors between the UK and Israel, in both directions, are telecommunications equipment, medicines and pharmaceutical products, as well as electrical machinery and scientific control instruments supplied from the UK to Israel. That indicates the current collaboration, but a lot more can be done.

Energy Supplies

7. **Mr. Mark Lancaster** (North-East Milton Keynes) (Con): If he will make a statement on the current and future diversity of the UK's energy supply. [67728]

The Minister for Energy (Malcolm Wicks): Securing reliable supplies of energy in the medium and long term is one of the key considerations of the Government's energy review, which I am leading, that will report to my Secretary of State and the Prime Minister in the early summer. Details on the diversity of the UK's energy supply will be contained in the latest report by the joint energy security of supply working group, which, I am pleased to tell the House, will be published next week. In addition, I will make written statements to the House soon about the past winter's experience and on the key issue of planning needs for new gas import and storage infrastructure.

Mr. Lancaster: Increasing the use of renewable energy sources is the best way of increasing diversity in the UK's energy supply. But does the Minister agree that we need to reconsider the renewables obligation, which focuses on wind power to the detriment of other emerging technologies?

Malcolm Wicks: Yes, I agree that the renewables obligation, despite its strengths, which have brought forward much renewable energy, could appear to be a blunt instrument and certainly seems to be favouring one technology—the wind farm. Within the review, we are therefore considering the issue that the hon. Gentleman raises. He refers to it as the best way of promoting a diversity of supply. We have a target that 10 per cent. of our electricity should come from renewables by the end of this decade, and what we currently call an aspiration of 20 per cent. by 2020. That is one way, but there are other ways of promoting such diversity.

Miss Anne Begg (Aberdeen, South) (Lab): In all the debate about the future mix of Britain's energy needs, may I urge the Minister not to forget the important role of oil and gas, much of it from the North sea sector? Does he agree that it is important for us to attract youngsters into the oil and gas industry? Many see it as

a sunset industry, but it has a longer future than other areas of energy development. It might help if we could sort out the argument about the offshore working time directive.

Malcolm Wicks: I understand my hon. Friend's fundamental point. Although oil and gas from the North sea and the wider UK continental shelf is in decline, perhaps 40 or 50 per cent. of stock remains. The oil and gas industry will continue to be an important and vibrant British industry for the next 30 or 40 years, and it is attracting new companies for exploration purposes. We need to promote the importance of both the gas and the electricity industries throughout the energy field, along with the importance of skills and training—not least so that we can attract new people into an important and indeed successful British industry.

Miss Anne McIntosh (Vale of York) (Con): Does the Minister regret saying that the country was awash with gas? Does he appreciate that one reason for the disruption of the energy supply during the winter was the lack of gas storage facilities in this country? How will he deal with that?

Malcolm Wicks: On the day that I said that the country was awash with gas, I had been told by the national grid that the country was awash with gas. I thought it important and, indeed, ethically responsible to present the truth to the House on that day.

It has been a difficult winter, although not as difficult as some Jeremiahs predicted. Unlike other European countries, we never had to cut off energy supplies. Nevertheless, there are crucial issues relating to future storage—which we are addressing—and, obviously, crucial issues relating to future sourcing of gas. We must think about obtaining it not just from our own continental shelf—which we have just discussed—but from a variety of regional sources, and obtaining it through new pipelines, for example from Norway. We must also recognise the emerging importance of liquefied natural gas from Qatar and, indeed, other nations.

David Taylor (North-West Leicestershire) (Lab/Co-op): As a Leicestershire Member, I am naturally attracted by the potential of more than 800 million tonnes of coal in north-east Leicestershire, in the constituency of the hon. Member for Rutland and Melton (Mr. Duncan). Can the Minister confirm that the review will consider carefully the potential of carbon capture, and that geological sequestration in the oil and gas reservoirs of the North sea has some potential? Does he acknowledge that more investment may be necessary to establish the possible benefits?

Malcolm Wicks: I think that that has huge, indeed mammoth potential. Given that the world will be burning huge amounts of carbon—fossil fuels such as gas and coal, not least in China—for a century or more, the only way in which we can square the circle and meet the challenge of climate change is to ensure that we promote technologies that can strip out carbon dioxide and store it safely, for example under the North sea. I heartily agree with the significant point that my hon. Friend has made.

Mr. David Jones (Clwyd, West) (Con): The Minister has fairly acknowledged that one of the unfortunate consequences of the renewables obligation has been the skewing of the electricity market in favour of wind power at the expense of other technologies. Will he also acknowledge that tidal power is a far more reliable potential source of renewable energy than wind, which is inherently unreliable? What consideration has he given to the proposals for a tidal lagoon off the north Wales coast?

Malcolm Wicks: A number of ideas of that kind are being discussed. We have been backing marine technologies, both tidal and wave-power projects, for a number of years. The Secretary of State recently announced £50 million of funding for research and development relating to marine projects. They are exciting technologies, which could make a significant contribution in the future.

The words of caution, however, are "in the future". These are relatively new technologies, which to some extent are as yet unproven. Not many of them have been, as it were, tested in the water for long periods. It is important for industry, supported by Government whenever possible, to recognise and back new technologies to establish which can penetrate the market. As I have acknowledged, that has an implication for the renewables obligation. It also has an implication for grant aid from Government, and we are, indeed, putting our money where our mouth is.

Mr. Dennis Skinner (Bolsover) (Lab): Does the Minister agree that there are many hundreds of millions of tonnes of coal not only in Leicestershire, but throughout the area from Yorkshire to the coast and in north Lincolnshire? All that needs to be exploited in a clean fashion, but will he remember that when we talk about coal as part of our energy total, we should not talk too much about imported coal? We should talk about using what we have within our own shores, because it all has to be paid for; we do not want to be held to ransom on three different fronts. As for these wind farms, good as they are, nice and pretty as they are, the truth is that if we had to rely on them, we would have to have them at Buckingham palace, Highgrove and all the rest of the royal palaces.

Malcolm Wicks: Right. I am shocked that my hon. Friend has got hold of our secret list of potential sites, including—*[Laughter.]* Of course, hot air potential is another source of renewables. My hon. Friend makes a serious point and, with respect, it is so serious that we should not pit one energy source against another; we will need a range of different sources to deal with climate change and energy supply. The review is looking at British coal, a great deal of which is still underground. If we can relate clean-coal technology to it, we can see whether it has a future.

Mr. Edward Davey (Kingston and Surbiton) (LD): On the future of nuclear in Britain's energy supply, can the Minister confirm that, following the decision to extend the life of Dungeness B last year, other existing nuclear power plants could have their lives extended by between 10 and 15 years? Is this option being considered in the energy review, and what discussions has he had about it with the nuclear installations inspectorate?

Malcolm Wicks: There are one or two issues associated with extending the life of such plants, and here, I should strike a note of caution. The Nuclear Decommissioning Authority has a major challenge on its hands: to decommission existing nuclear plants and to tackle the waste issue as seriously as possible. I attach real significance to that objective, but as I said, one or two issues are being explored. I am always impressed when individuals and political parties that are fundamentally opposed even to considering future nuclear nevertheless urge me to keep existing nuclear reactors.

John Robertson (Glasgow, North-West) (Lab): Does the Minister agree with me that the anti-nuclear bias that was evident in a previous question seems to be present, according to reports, in the submissions to his review? Does he also agree that research and development in the nuclear industry has put a lot of money into this country's coffers, and that the United Kingdom should increase its nuclear R and D in order to add to the Chancellor's money?

Malcolm Wicks: Our position has always been to keep the nuclear option open. The Prime Minister has asked us to consider this issue and to come up with proposals by the summer, and we are looking at it very seriously. Nuclear contributes some 18 to 19 per cent. of our electricity, and 9 per cent. of our total energy supply for all forms. The case for new nuclear is strong; however, concerns about waste and safety, and the need to consider the economics and to make a cost-benefit analysis, are also important factors. As I said, the outcome of our review will be reported to the Prime Minister, and to the Secretary of State for Trade and Industry, by the summer.

Mr. Alan Duncan (Rutland and Melton) (Con): A lot of hard work is going into the energy review, both in this House and outside. It is clear that the Prime Minister has pretty well made up his mind that he would like a new generation of nuclear power stations, but potential investors will want to know what the waste regime will be. The Committee on Radioactive Waste Management has said that waste should be buried very deep, but does not think that an appropriate site will be found for decades. Filling the generation gap is an urgent matter, but how can anyone invest in nuclear if the uncertainty over the waste regime continues?

Malcolm Wicks: The hon. Gentleman makes a good point, and we need to achieve certainty on the waste issue. Stage one of that process is the work being undertaken by the Nuclear Decommissioning Authority in clearing up the waste legacy of many decades at a large number of sites. Stage two involves the important work being done by CoRWM. It has produced some preliminary work, but will report in full by the summer, on securing a medium to longer-term resting place for the waste. It is critical that the Government make a judgment on the CoRWM recommendations as soon as possible—partly because it is a disgrace that Governments and Parliament have not tackled the problem in the past 30 or more years, and partly because there is a need for certainty, as the hon. Gentleman said. Everyone involved tells us that they want long-term certainty in our energy policy, and that means certainty over several decades.

Mr. Duncan: The Prime Minister seems very keen on nuclear, but the Minister seems very keen on coal. He said:

"The environmentalists may not like that, but tough."

To be fair, he said that because he thinks that coal-powered generating stations can capture the carbon, but will he name a single company that is capturing carbon commercially, other than for the purpose of enhanced oil recovery?

Malcolm Wicks: No, I do not think that I can, as these are still relatively early days in the story of carbon capture and storage. I spoke about being tough, but it was what I said in the next couple of sentences that was important—that we therefore need to develop the technologies of carbon capture and storage, and of clean coal technology in particular. Unless we do that, we will be in trouble globally, given the developments in China. That represents a great manufacturing opportunity for British industry: if we in the UK can demonstrate the importance of clean coal technology, we will be one of the world leaders in the export of that expertise.

Sunday Trading

8. **Tony Baldry** (Banbury) (Con): What plans his Department has to change Sunday trading laws. [67729]

The Secretary of State for Trade and Industry (Alan Johnson): We are currently reviewing the whole question of Sunday shop opening hours and whether there should be deregulation in that area. An independent economic cost-benefit analysis, commissioned by my Department, will be published on Friday. No decisions have been made: if the Government decide to alter the current arrangements, there will be full public consultation beforehand.

Tony Baldry: All hon. Members who were here when Parliament legislated in the mid-1980s to deregulate shop opening hours will recall that a compromise was agreed on Sunday trading. Without that compromise, the Bill would not have passed into law. Does the right hon. Gentleman agree that nothing has happened in the intervening years to suggest that that consensus, which after all is based on the irrefutable premise that Sunday is a special day, should be undermined?

Alan Johnson: I accept that the regulations were agreed in 1994, but I do not agree that nothing has changed since then. This matter is worth considering, although the hon. Gentleman may be right that the public perceive the balance to be about right. However, things have changed since 1994: more people are at work and are working flexibly, and we have a more multicultural society now. Moreover, there is now a real feeling that we should regulate only where necessary, and that we should deregulate where we can. The Government do not take a position on the matter. Our approach is very neutral: we want to examine the cost-benefit analysis, but any decision to go further would involve a full consultation process. I do not think that anyone could reasonably argue with that.

Mr. John Grogan (Selby) (Lab): Given that the Government have confirmed that any changes to Sunday trading legislation would require primary legislation and given that nearly 250 Members have signed a Commons motion supporting the great British compromise as enshrined in the 1994 Act, does my right hon. Friend think that if he brings forward proposals, there will be a strong case for a free vote on Government Benches, as in 1994, particularly as there was no mention of this in our election manifesto?

Alan Johnson: I am a long way from considering free votes and even from considering legislation. Primary legislation would be required. At the moment we are simply taking a look at the issue 10 years on to see what the situation is now and whether there should or can be deregulation, and to listen to people's opinions. When we reach the stage of legislation, I shall bear my hon. Friend's suggestion in mind.

Mr. Tobias Ellwood (Bournemouth, East) (Con): I think that I identified a little political correctness in the reply to my hon. Friend the Member for Banbury (Tony Baldry) saying that we have to consider all multicultural aspects. This is Britain. Sunday has always been special. In the 24/7 commercial world in which we now live it is important that there is a gap, a pause, to allow families and communities to focus on other things than shopping and so forth. I for one would very much like to see Sunday remaining special. May I hope that the Secretary of State will support that and, more importantly, allow us all to have some indication of the timetable for when a decision will be made?

Alan Johnson: I have never been accused of being politically correct before. I was simply pointing out what has changed since the last time Parliament discussed the subject. I am well aware of the strong feelings on this issue, not least because of the pleasant vicar from Walsall who has chained himself to a bed outside my last four constituency surgeries. The bed, curiously, is meant to signify that Sunday is a day of rest. One of my splendid constituents berated him and said, "It is all right for you to go and work on Sunday. Why are you stopping me?" A good line to a vicar, I think. I completely understand that there are strong views on this. Remember it was this Government who, because of the private Member's Bill of my hon. Friend the Member for North Durham (Mr. Jones), legislated to resolve the anomaly on Christmas day, for which there was only regulation when it fell on a Sunday. We acted to deal with that because of the special nature of Christmas day. We understand the special nature of Easter Sunday and Sunday itself. That does not mean to say that we should not look at this again, just as we looked at it in the 1990s. We were tied to the Shops Act 1950 for about 40 years when society had changed completely. This is a chance to look at the matter. There is no timetable at the moment because we are still at the cost-benefit analysis stage. There will be the fullest consultation, including a timetable.

Mr. Kevan Jones (North Durham) (Lab): Will my right hon. Friend join me in congratulating USDAW, the shop workers' union, on its campaign to protect its members who work on a Sunday, many of whom are low-paid and women workers? Can he assure me that his Department will take the proactive approach to protecting Sunday workers that it took when I piloted my excellent Christmas Day (Trading) Bill through the last Parliament?

Alan Johnson: I am glad that my hon. Friend is present to hear the congratulations in person. We are looking at the 1994 legislation. Protection for shop workers is contained in the Employment Protection (Continuity of Employment) Regulations 1996. We do not intend to alter those in any way. The protection that currently exists for workers on Sunday is not a part of this review.

EU Gas Market

10. **Ann Winterton** (Congleton) (Con): What assessment he has made of the future structure of the gas market in the EU. [67732]

The Minister for Energy (Malcolm Wicks): A properly functioning EU market is essential if we are to receive reliable and competitively priced supplies of gas. While some progress towards market opening has been made, we are working with the Commission and other member states to accelerate progress on liberalisation.

Ann Winterton: Bearing in mind that large industrial users in the United Kingdom face the highest gas prices in Europe, despite our having a fully liberalised gas market and remaining the largest producer, does the Minister agree that the lack of liberalisation of continental gas markets is causing distortion which could cost UK gas consumers as much as £10 billion this year? Why did the Government not push hard for the liberalisation of the European gas energy market when they held the presidency of the European Union?

Malcolm Wicks: The one bit with which I agree is that the situation produces distortion and extra costs; it certainly did in 2005. I agree with those data. For 10 years or so, British industry and the British domestic customer paid far lower prices than the average in continental Europe, but there are now serious difficulties. We are pressing very hard on the matter, which was a key priority for us when we held the presidency. If the hon. Lady had been at the Energy Council, she would have found that that was the case. Two commissioners have produced strong reports on the need for liberalisation; we are pressing hard and the Commission has indicated that it will take legal action against those blocking the path.

Mr. Mike Weir (Angus) (SNP): The Minister will remember that during the passage of the Energy Act 2004, there was much discussion about the security of energy supply. As he knows, Gazprom, which is state-controlled, not state-owned, is buying up gas supplies in continental Europe and has now set its sights on Centrica. What would it do to the security of energy supply in this country if such a company had control of so much of the gas market?

Malcolm Wicks: It is absolutely crucial that we have energy diversity, so that not all of our energy eggs are in one basket—whether the gas basket or another—hence the discussion about renewables, the importance of coal

in our considerations and the controversial nuclear issue. We need diversity, although the shape that will take remains to be seen, and we need to promote competition and liberalisation. Any developments or takeover ideas will be a matter for the competition authorities to make sure that our objectives are not threatened.

Charles Hendry (Wealden) (Con): On the hottest day of the year so far, it may seem churlish to talk about next winter, but the Minister will not have forgotten that earlier this year the national grid issued an unprecedented gas shortage warning. He will also be aware that an energy crisis was only narrowly avoided and that experts already predict that the situation next winter will be as tight, or even tighter. We have heard some generalities from the Minister, but what specific steps are the Government taking now, during the spring and summer, to increase the amount of gas storage supply in the United Kingdom and to improve the availability of imported gas to ensure that next winter we shall not again be on the brink of an energy crisis?

Malcolm Wicks: The gas announcement was unprecedented because we had only just brought in the procedures for such announcements. As it was the first time, I would have been unhappy had it not been unprecedented. The commercial market is setting up more storage capacity. We got through this winter even though the main storage facility at Rough was out of action due to a fire, so there will be more storage in the future. More gas will be coming into Britain; liquefied natural gas from Qatar and more gas from the Langeled pipeline and Norway. Storage and diversity of supply are central to the energy review.

Pipe Organs (Lead Pipes)

11. **Mr. Alan Beith** (Berwick-upon-Tweed) (LD): When his Department first became aware that the use of lead pipes in newly built pipe organs could be prohibited under the restriction of hazardous substances directive. [67733]

The Minister for Energy (Malcolm Wicks): A different topic, but an important one. Our clear view is that pipe organs do not fall within the scope of the directive and that view is widely accepted in the European Commission. The DTI is working closely with the Commission, and our aim is to reach a successful conclusion before the directive comes into force on 1 July.

Mr. Beith: I welcome the Minister's reply and invite him to go down to the Crypt chapel of the House of Commons, listen to the beautiful organ and reflect on how absurd it would be if the ability of British craftsmen to build organs of high quality depended on a renewable derogation, to which we would have to return, perhaps every four years. As neither commissioners nor other European countries seem to accept that that is necessary, I hope that the Minister will stand firm and insist that the directive should not apply to lead in pipe organs.

Malcolm Wicks: As I have just said, our view is that it should not apply and that view is strongly held in the Commission. I hope that it will be confirmed at an important meeting in June, so that we can put an end to all this nonsense, which has understandably upset people committed to church organs and their manufacture. I hope that the right hon. Gentleman will be reassured by my words; we are absolutely determined to get this right. Very soon, we shall all be singing from the same hymn sheet.

Peter Bottomley (Worthing, West) (Con): Will the Minister arrange to make a statement to the House after that meeting, on the creation of new organs and the repair of existing ones, and will he tell the House now what "widely" includes? Who disagrees with the view that he says is widely held?

Malcolm Wicks: Margot Wallström, the European Commissioner responsible for the negotiations on the directive and Caroline Jackson, MEP, a crucial player on the Environment Committee, have recently made public statements in agreement with what I have said. We have now got to go through a process in the European Commission for that to be absolutely confirmed at this crucial meeting, which I think will take place in the third week of June. Will I make a written statement afterwards? Yes, of course I will.

National Minimum Wage

12. **Mr. Jim McGovern** (Dundee, West) (Lab): How many workers he estimates will receive higher pay as a result of the recently announced increase in the minimum wage; and how many of these workers will be women. [67734]

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): The DTI estimates that just over 1.3 million workers stand to benefit from the October 2006 increase in the national minimum wage. Of the estimated 1.3 million beneficiaries, two thirds are women.

Mr. McGovern: Unfortunately the press and the Opposition seem to have largely ignored the recent increases in the national minimum wage. The Minister has just pointed out that many people will benefit from that and I am sure that they appreciate it. I am concerned, however, about the number of women who are on the national minimum wage. I am sure that everyone agrees that they benefit from it, but real action is needed to reduce that number. If the Government are going to bring forward proposals to cut the gender pay gap, I hope that those proposals will address not only the glass ceiling at the higher end of the pay scale, but the sticky floor that sees a disproportionate number of women on the national minimum wage.

Mr. Sutcliffe: I am pleased that my hon. Friend welcomes the success of the national minimum wage—a flagship policy of the Government that was opposed by the Opposition parties, who have now admitted their mistakes. He is right to highlight the issue of low pay and particularly low pay among women. I am sure that he will be pleased by the recommendations of the

women and work commission, which is looking at cutting the gap. We will continue to monitor what happens with the national minimum wage, but we believe that people on low incomes benefit greatly from it—together with the tax credit system.

John Bercow (Buckingham) (Con): Given that there has been a modest, but persistent phenomenon of non-compliance with the 1998 legislation, would the hon. Gentleman care to consider the proposition that in such instances, when people have to take action to secure their legal rights, there is a lot to be said for including in legislation an entitlement to the payment of interest on the sums that they are due? I first made that proposal, as an amendment to the national minimum wage legislation, on the Floor of the House as long ago as March 1998.

Mr. Sutcliffe: I congratulate the hon. Gentleman on being a lone voice in the Opposition in relation to the national minimum wage. He is right to highlight that a small minority of people are still not paying the national minimum wage, but the legislation covers that situation in that when people are convicted or found not to have paid, they must back-pay to the original start date of the employment. We are looking at enforcement and it is important that we do so right across the range. We have picked particular sectors. Notably, we recently picked hairdressing, where we have looked at enforcement. We will consider all ways of making sure that rogue employers who do not pay the national minimum wage are made to pay it.

Mr. Jim Devine (Livingston) (Lab): I fully agree with the comments made by the hon. Member for Buckingham (John Bercow). I wonder whether the Minister would consider amending another anomaly in the legislation that means that, when people pay their bills by credit card and leave a tip on the credit card, that can be used at part of the calculation of the minimum hourly rate. That is an unacceptable practice and I wonder whether we can change the legislation.

Mr. Sutcliffe: We have looked at that issue. My hon. Friend will know that we deal with such issues by asking the Low Pay Commission, which is made up of employer and employee representatives, to consider them and see what can be done. We take on board its recommendations. The commission has considered the issue and there are no plans to change anything at the moment.

UK Aerospace Industry

13. **Sir Nicholas Winterton** (Macclesfield) (Con): What assessment he has made of the future viability of the UK aerospace industry. [67735]

The Minister for Industry and the Regions (Alun Michael): The UK Aerospace industry is one of our great strengths—regionally and nationally. This was shown by the 2003 aerospace innovation and growth team report, which set out a vision for the future. Government endorsed that vision. More information is set out in the Department of Trade and Industry evidence to the Trade and Industry Committee inquiry in March 2005 and in our formal response to the report in July 2005.

Sir Nicholas Winterton: I am grateful to the right hon. Gentleman for that full and accurate reply. The aerospace industry is critical to manufacturing. It produces at the cutting edge of technology and contributes hugely to our exports. Will he ensure that his colleagues in the Ministry of Defence are aware of the importance of the MRA4 project to British Aerospace at Woodford? If the order could be placed as soon as possible, that would be helpful to the industry. Will he also accept, on behalf of the Minister for Energy, the hon. Member for Croydon, North (Malcolm Wicks), a visit from me and a company in my constituency, Senior Aerospace, which is currently in some difficulty with health and safety? The Minister is aware of that. It is critical to the survival of that company for it to be able continue its operation.

Alun Michael: I am aware of the specific point, which is being looking at. We are co-signatories of the defence industrial strategy with colleagues at the Ministry of Defence and the Treasury, and I very much commend the work of Lord Drayson, who is the Minister responsible for procurement, on the way that that is being developed and the fact that it recognises the importance of the industry, both to our defence needs and to our industrial needs in this country. The hon. Gentleman would not expect me to make promises on some of the specifics of his question, but I understand their importance to his constituency. I would be very happy to talk to him further.

MINISTER FOR WOMEN

The Minister for Women was asked—

Flexible Working

19. **Michael Fabricant** (Lichfield) (Con): What steps the Government are taking to encourage businesses to adopt flexible working patterns for parents of young children. [67743]

The Minister for Women (Tessa Jowell): In April 2003, we introduced the right to request flexible working for parents of children under six and disabled children under 18. This law has been a success and welcomed by families. The evidence is that more than twice the number of mothers returning to work now do so to work flexibly than did in 2002, and that 90 per cent. of the requests made by parents—mothers and fathers—to work flexibly are agreed.

Michael Fabricant: I am grateful to the Minister for that reply. She is right—the law has been a success—but does she not also think that home working is very important, too, and that it is very much a possibility through the use of home computing? Did she make representations to the Chancellor of the Exchequer with regard to the repeal of the home computing initiative, which may prevent poorer families from buying computers that they could use to work at home?

Tessa Jowell: The hon. Gentleman raises an interesting issue, which I will certainly pursue, but he will be aware that the right to work flexibly applies not only to hours but to working at home.

Mr. Russell Brown (Dumfries and Galloway) (Lab): All too often the cry is about women in senior positions. Will my right hon. Friend outline to the House what steps she is taking to ensure that there is more flexible work for women in senior positions?

Tessa Jowell: My hon. Friend makes a very important point, which was addressed by the women and work commission, chaired with such distinction by Baroness Margaret Prosser, and we are considering all the commission's recommendations. The essence of closing the gender pay gap, which the commission was established to consider, is opening up more opportunities for women to do senior jobs on a part-time basis—that is the key—and we intend to make proposals, with the social partners, on how that might be achieved.

Mrs. Eleanor Laing (Epping Forest) (Con): I agree with a lot of what the Minister has said, but will she confirm whether the Government will also pay attention to the many thousands of women who not only look after small children but have other family responsibilities, often more difficult ones, as carers for elderly, ill or disabled relatives or friends? Does she agree that the problem for many women in the work force is having to deal with both ends of family responsibilities? Will she undertake to consider carers in all that the Government are planning to do to encourage flexibility in the workplace?

Tessa Jowell: I agree that it is important to consider the needs of women and men who have elderly relatives who depend on them, which is why the Work and Families Bill, which is being considered in another place, includes a proposal that the right to request flexible working should be extended to men and women with caring responsibilities. I am delighted that there is cross-party support for that provision, but the hon. Lady may not wish to remember that her party voted against the introduction of flexible working.

Mrs. Laing: I did not vote against it.

Tessa Jowell: The hon. Lady is an exception to the general rule in 2002.

Julie Morgan (Cardiff, North) (Lab): Research published in Wales by the Equal Opportunities Commission and the Welsh Development Agency shows that small businesses are more profitable if women and men work at every level of the business. What can my right hon. Friend do to educate and inform small businesses of the need to use all the skills available, and to adopt flexible working patterns for parents of young children and carers with responsibilities for elderly parents or disabled people?

Tessa Jowell: My hon. Friend will be reassured to know that small businesses have extended the right to request flexible working, just as larger businesses have done. In particular, I commend the Work Wise UK campaign which is supported by the Government, as its purpose is specifically to ensure that businesses of all sizes up and down the country are aware of the obligation to offer the right to work flexibly as well as the benefits of flexible working in reducing turnover and preventing the waste of talent that is often the price of inflexible working patterns. Everyone who has stood up for those proposals for many years can be proud of their success.

Mr. Edward Davey (Kingston and Surbiton) (LD): May I ask the Minister to return to the question asked by the hon. Member for Lichfield (Michael Fabricant), as she failed to answer it? Was she or the Department consulted on the Chancellor's Budget decision to abolish the home computing initiative? Does she not regret that decision, which will have a negative impact on flexible working patterns for parents of young children?

Tessa Jowell: As I have already said, I am happy to pursue the matter. I did not raise it specifically with the Chancellor, but the Government have a proud record of extending, particularly to people in poor communities, the right of access to information and communications technology and training, not least through the initiative funded by the lottery that is operated by my Department and that has been successful in ensuring that every library in the country is wired to the internet.

Part-time Workers

20. **John Bercow** (Buckingham) (Con): If she will make a statement on the gender pay gap for part-time workers. [67744]

The Parliamentary Under-Secretary of State for Trade and Industry (Meg Munn): The pay gap between women working part-time and men working full-time has narrowed slightly in recent years, but remains unacceptably large at 41 per cent. The women and work commission has made recommendations to tackle the causes of unequal pay which we are taking forward.

John Bercow: Research by the Equal Opportunities Commission shows that four in five part-time workers are working below their potential, which represents a huge waste, and the women and work commission recommended that the Department of Trade and Industry should spend £5 million on the establishment of a quality part-time work change initiative. Can the hon. Lady therefore tell the House what progress has been made on the implementation of that recommendation, thereby giving us the chance to slash the part-time gender pay gap, which has remained stubbornly unchanged for the best part of 30 years?

Meg Munn: The women and equality unit in the Department has established an implementation group to take forward the commission's recommendations, and the Government are committed to producing an action plan within six months. As the hon. Gentleman will know, Baroness Prosser will look at our progress within a year. Those issues are being tackled, and there are good examples of companies that provide quality part-time work. As soon as we have information about the details of the plan we will make it public.

Jessica Morden (Newport, East) (Lab): The Fawcett Society has highlighted the fact that black and minority ethnic women, many of whom work part-time, face the greatest inequality in the workplace. For example, the pay gap is even bigger for Pakistani and Bangladeshi women. What steps is my hon. Friend taking to tackle that problem?

Meg Munn: It is enormously important to understand that the pay gap is different for different groups of women, and my hon. Friend rightly identified the problem for certain groups of minority ethnic women. She will know that the Equal Opportunities Commission has undertaken an inquiry into precisely that issue, and we look forward to its report. The Government will look at the way in which we need to tackle the issue in relation to different groups of women in our response to the women and work commission.

Entrepreneurial Opportunities

21. **John Robertson** (Glasgow, North-West) (Lab): what further steps the Government plan to take to increase the number of entrepreneurial opportunities for women. [67745]

The Parliamentary Under-Secretary of State for Trade and Industry (Meg Munn): To provide high-profile leadership to accelerate women's enterprise, a task force on women's enterprise will be operational from June 2006. It will work with key partners, such as the regional development agencies, to increase the levels of female-owned businesses in the UK.

John Robertson: I thank my hon. Friend for her efforts and the work that she is doing in helping these women. Does she realise that it is estimated that if the same levels of female entrepreneurship in the United States were to be seen in this country, we would have 700,000 new businesses within the UK, which would have a substantial impact on productivity and employment? Will my hon. Friend redouble her efforts to tackle the under-representation of women in the higher skilled sectors of the economy, which would significantly improve business start-ups and opportunities as a result?

Meg Munn: My hon. Friend is right that if we had as many start-ups by women as in the US, there would be considerably more businesses. The figures are changing. There is good news that there are more women starting up businesses. We estimate that there are about 500,000 more businesses. Nevertheless, my hon. Friend is right. I will continue to do all that I can to promote this issue. Specifically, some of the work that we are undertaking is to ensure that the regional development agencies, which deliver our business support, are ensuring that appropriate advice is given to women, as women undertake these activities in a different way—in particular, often starting up when not being in work and taking on self-employment to fit in with family responsibilities.

Business of the House

11.31 am

Mrs. Theresa May (Maidenhead) (Con): May I ask the Leader of the House to give us the business for the coming weeks?

The Leader of the House of Commons (Mr. Geoffrey Hoon): The business for next week will be as follows:

MONDAY 8 MAY—Consideration of Lords amendments to the Civil Aviation Bill, followed by motion to approve European documents relating to future European Union finances, followed by if necessary consideration of Lords amendments.

The House may also be asked to consider any Lords messages which may be received.

TUESDAY 9 MAY—Opposition day [15th allotted day]. There will be a debate on an Opposition motion—I assume ironically entitled—"The Need for the Government to Appoint a Turn Around Team to the Department of Health".

WEDNESDAY 10 MAY—Remaining stages of the Police and Justice Bill, followed by motion to establish a Joint Committee on Conventions of the House of Lords.

THURSDAY 11 MAY—Remaining stages of the Housing Corporation (Delegation) etc Bill, followed by a debate on creating confident consumers on a motion for the Adjournment of the House.

FRIDAY 12 MAY—Private Members Bills.

The provisional business for the following week will be as follows:

MONDAY 15 MAY—Progress on remaining stages of the Legislative and Regulatory Reform Bill.

TUESDAY 16 MAY—Conclusion of remaining stages of the Legislative and Regulatory Reform Bill.

WEDNESDAY 17 MAY—Remaining stages of the Northern Ireland (Miscellaneous Provisions) Bill.

THURSDAY 18 MAY—Motion relating to the staging of Members and Chairmen's pay, followed by a motion relating to the association of former Members.

FRIDAY 19 MAY—The House will not be sitting.

Mrs. May: The Secretary of State for the Department for Work and Pensions, on 31 January at column 245 of *Hansard*, expressed his hope to the House that there would be a debate on pensions before the publication of the White Paper. Can the Leader of the House confirm that he has been asked to find time for such a debate, and when will it take place? When will the Government's full response to the ombudsman's report on pension scheme failures, which found the Government guilty of maladministration, be available? Will there be a debate in Government time on the report and response before the summer recess?

Members will note that we will be having an Opposition day debate on the Government's operation of the inter-management of the health service. A debate on the health service has been refused resolutely in recent weeks by the Leader of the House. Two weeks ago, I questioned the accuracy of a statement made about the health service by the Prime Minister. The Leader of the House said:

"There is a well-used process by which statistical mistakes are corrected. Letters would be written and placed in the Library."—[*Official Report*, 20 April 2006; Vol. 445, c. 235.]

I wrote to the Prime Minister. He did not reply. The Secretary of State for Health replied instead. Will the Leader of the House make a statement next week, telling Members what they should expect when they write to the Prime Minister about statements that he has made in the House? We realise that Ministers no longer take responsibility for what happens in their Departments, but is it also the case that the Prime Minister no longer takes responsibility for what he says in the Chamber?

For the record, on 19 April when talking about how many patients in the Thames Valley area were waiting more than 13 weeks for an out-patients appointment, the Prime Minister said that

"today, the figure is none."—[*Official Report*, 19 April 2006; Vol. 445, c. 116.]

The Secretary of State for Health tells me that the figures were from December 2005. So when the Home Secretary said that "very, very few" foreign prisoners had been released after he knew about the problem, he meant 288, and when the Prime Minister on 19 April said "today", he meant three months ago. Perhaps the Leader of the House could arrange for statistics and English lessons for No. 10.

Recently, when asked whether he was going to sack the Home Secretary if more of the foreign criminals released from jail reoffended, the Prime Minister replied:

"I don't think I'm going to speculate. It depends on what happens, what the reasons are."

Today we learn that a convicted criminal recommended for deportation and not deported is being sought for attempted murder and the rape of a 15-year-old girl. Does that count as sufficient reason for the Prime Minister to sack the Home Secretary? Surely enough is enough, and the Home Secretary must go.

That case shows the dangers to which the public have been exposed by the incompetence of the Government. In a recent poll 89 per cent. of people questioned said that the failure to deport foreign prisoners on release "reflects alarming incompetence". Can we have a debate on the Government's record on and responsibility for public safety? I also repeat my call for a debate on Government incompetence.

Today may well be the last time that the right hon. Gentleman attends business questions as the Leader of the House.

Comptroller of Her Majesty's Household (Mr. Thomas McAvoy): Do you know something we don't?

Mrs. May: Probably quite a lot.

Over time, the Leader of the House has been tipped for many posts. In February it was Chief Whip. Then he was 26–1 on to be Chancellor of the Exchequer. Earlier this week, sources close to Downing street said that

"Mr. Blair could even turn to Geoff Hoon . . . as an outside bet to replace Mr. Clarke."

[Mrs. May]

Today I learn that his odds are 10–1 to be Home Secretary. However, perhaps the best bet was suggested by a Back Bencher, who claimed that the Cabinet Office was proving to be the best-run Department, and it has not had a Cabinet Minister for four months. Given the Government's appalling performance to date, maybe that is the answer.

Mr. Hoon: I shall attempt to deal with the serious points raised by the right hon. Lady. It may not take me quite as long as the various points that she made.

A debate on pensions would be useful, as I have previously told the House. I will have to look at the business that we have to fit in, to see whether that can be arranged before publication of the White Paper. I will certainly consider that, as it is an important subject for the House to discuss.

On corrections, when the right hon. Lady asked me for a correction, I indicated that that would be done in the usual way. She accurately described the usual process of correction, whereby a departmental Minister taking responsibility sets out the details in a letter, which is then placed in the Library. I commend her for the accuracy of her description, but I do not see how that amounts to some failure of responsibility. I may have missed the subtlety of her point.

As far as my right hon. Friend the Home Secretary is concerned, he has stood before the House on a number of occasions, including yesterday, and set out in considerable detail the efforts being made to correct what he has described as an unedifying situation. It is right for him to continue to do so. Despite the protestations from Opposition Members, I have seen no substantive criticism of what he has been doing to remedy the particular problem. As I made clear to the House last week, it was only as a result of impressive improvements in the working of the Home Office in this area of policy that the particular problem came to light. Before 1999, Governments were not in a position to know whether the problem existed, because no previous Government kept records. It is important for the Opposition to think about those facts before making the sort of blustering comments that we heard a few moments ago from the right hon. Lady, if she will forgive me for saying so.

The Government have already held a series of debates on the subjects of public safety and public security, but I regret to say that, from time to time, we have not received the full support of the Opposition in our efforts to promote them. With further regard to my right hon. Friend the Home Secretary and the proposals that he set out yesterday, we look forward to finding out exactly what the Opposition's position is. They are certainly willing to criticise the Government, but when we make proposals to solve the problems, sadly, they do not always give us the support that we would expect.

Mr. Jim Devine (Livingston) (Lab): Could some time be set aside for a debate on sectarianism? Unfortunately, a small number of football fans bring their sectarian views into the football ground. The police tell me that, on the night of a Celtic-Rangers game, domestic violence increases by 75 per cent. A survey carried out by the health service union, Unison, in Scotland a few years ago showed that, for the same reason, some hospitals were treating about eight times as many patients for stab wounds.

Will my right hon. Friend join me in congratulating Jack McConnell and the Scottish Labour party on its anti-sectarian campaign? Will he also congratulate the fans of Celtic and Rangers who unfurled banners against sectarianism last week—

Mr. Speaker: Order.

Mr. Hoon: I am grateful to my hon. Friend both for raising the issue and setting out the answer. I am aware that both Celtic and Rangers clubs have taken initiatives and I agree that it is important to stamp out not only racism, but the sort of sectarian behaviour that has gone on for many years in Glasgow. It is certainly something that we should seek to avoid.

Mr. David Heath (Somerton and Frome) (LD): We will undoubtedly have more debates on various aspects of the Government's mismanagement, but can we have a particular debate on the form and function of the Home Office, which was described by one Government Member last week as dysfunctional and by another as needing to be split up? The right hon. Gentleman will know that many of us have argued for some time that we should have a fully fledged Ministry of Justice and that we should dismantle the Leviathan that produces legislation like a sausage factory—the Home Office. Will the right hon. Gentleman allow us a debate on that matter?

Can we have a short debate on defence procurement? The deaths of the brave servicemen who lost their lives on the RAF Hercules just over a year ago will weigh heavily on every hon. Member. If there were the slightest chance that their deaths could have been averted by the provision of explosive suppressant, it should have been used. Can we have a sober and sensible debate about what can be done to protect our service people?

The Public Accounts Committee has published a report today on the channel tunnel rail link. It does superlative work in drawing attention to things that are going wrong in the Government. Had the Government listened to its comments on tax credits, the Rural Payments Agency and a host of other disasters, they might have been averted. Can we find a way of getting reports from Select Committees, including the Public Accounts Committee, before the House at an earlier stage, so that the appropriate lessons can be learned?

We have just heard the Secretary of State for Culture, Media and Sport, in answering questions for the Minister for Women and Equality, say that she will pursue the effect of the ending of the home computer scheme on home workers. I have to tell her gently that it is a little too late, when we debated that matter on Tuesday this week. No doubt she voted with the Government to reject the Opposition amendments. Can we therefore have a re-run of the debates on the Finance Bill on Tuesday so that the Government can get their act together?

Mr. Hoon: I hope that the hon. Gentleman recognises that what is important about the Home Office is not its

structure, but what it does. Although he has criticised the legislation produced by the Home Office, it is interesting that his party and his colleagues voted against a series of measures which were designed to provide protection for the public and safety and security for people on the streets. He has said that the Home Office should be split up and organised differently, but he is not prepared to support the measures that most members of the public judge necessary in order to preserve their safety and security.

I share the hon. Gentleman's view on the need to ensure that defence procurement provides proper protection for our servicemen and women. However, the particular example that he has raised illustrates a problem that always arises in procurement—it is nearly always possible to find some safety feature or device which, with the benefit of hindsight, would have prevented a tragedy, but judgments necessarily have to be made about the extent to which each and every safety feature can be built into, for example, an aircraft. The safest course so far as aircraft are concerned is not to take off the ground, so the truth of the situation is that there is an inherent level of risk, and the Ministry of Defence, taking the advice of the armed forces, always minimises that risk. However, there will always be some irreducible risk, and judgments have to be made about the nature of that risk in order to ensure that the brave men and women who serve this country so well can do so to the best of their ability.

I have always recognised the important work performed by Select Committees. It is important that this House takes notice of their recommendations, and I assure the hon. Gentleman that the Government read those reports carefully and act on them, where it is appropriate to do so. Select Committees have a significant effect—I know how much care and attention right hon. and hon. Members pay to their work, and it is important to go on learning the lessons that they outline.

I am interested to hear that the Liberal Democrats now have a new constitutional concept, which is to re-run votes where they lose, and I shall think about it.

Keith Vaz (Leicester, East) (Lab): Yesterday, the Home Secretary promised a statement by the end of May concerning the proposals to change the operation of the Home Office on the deportation or removal of foreign nationals. Will the Leader of the House confirm that there has been no change of policy in respect of a foreign national who has been charged with a criminal offence but who has not gone through a trial? As he knows, I have raised in the House the case of my constituent, who was killed by a foreign national. That foreign national was removed by the Home Office before the trial took place, so he was not able to stand trial. In any event, will the Leader of the House confirm that we will debate those matters before any legislation comes before the House?

Mr. Hoon: I assure my hon. Friend that careful consideration is always given to such cases. Liberty involves balancing the freedom of an individual against the wider freedoms of society. In making such judgments, difficult decisions have to be taken. My right hon. Friend the Home Secretary has outlined a proposal to change the law to provide greater security for the citizens of this country, but necessarily account will also have to be taken of the individual rights of those concerned. My hon. Friend has raised that case before, and I recognise the importance of justice being seen to be done in relation to those who have allegedly committed serious offences in this country.

Sir Michael Spicer (West Worcestershire) (Con): When can we have a debate on the fraudulent use of postal votes?

Mr. Hoon: That has been discussed at great length, having arisen out of various reports following the use of postal voting in the last general election. As I am sure that the hon. Gentleman is aware, the Government are considering ways in which the security of the system can be improved. I look forward to his support when the Government bring forward those proposals in due course.

Mr. Stephen Hepburn (Jarrow) (Lab): My right hon. Friend will be aware of yesterday's disgraceful decision by the Law Lords to deprive thousands of asbestosis sufferers and their families of their rightful compensation. When will the Minister for Employment and Welfare Reform come to the House to make an early statement so that she can tell us exactly how we are going to legislate to ensure that workers get what they are entitled to and that working class people are not dragged through the courts by multinational insurance companies?

Mr. Hoon: I am well aware that each of these cases is a tragedy for those who have been involved, and particularly for their families. Equally, I know that there will be great disappointment as a result of the House of Lords decision. I hope that my hon. Friend will recognise that this is a complex area of the law and that it will take some time to assess the case. My right hon. Friend the Secretary of State for Work and Pensions will of course look at the advice that he is given in the light of that decision, to see whether further action is necessary.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Today we mourn the passing of a colleague—the late Peter Law, the Member for Blaenau Gwent. New Labour, in an effort to prevent him from standing for Parliament, offered him a peerage. The man named as being responsible is the Secretary of State for Wales, who made the offer on the specific authority of the Prime Minister. When can we have a debate on this corrupt practice?

Mr. Hoon: Let me say how much I regret that the hon. Gentleman has chosen to raise this issue in that way. Welsh questions took place yesterday. My right hon. Friend the Secretary of State was present on that occasion. The hon. Gentleman could easily have raised the issue yesterday in the presence of my right hon. Friend. It is regrettable that he has chosen to raise it today when my right hon. Friend is not in the Chamber and able to answer. There has been some correspondence on this issue, which I have seen. My right hon. Friend has made it plain in that correspondence that he does not—absolutely, categorically does not—accept this allegation. He is not

[Mr. Hoon]

responsible. I hope that the hon. Gentleman will withdraw the allegation, because it is totally and utterly unfair for him to raise it in this way.

Mr. Speaker: Order. I would say to the hon. Member for Meirionnydd Nant Conwy (Mr. Llwyd) that I would have hoped that today he would have notified the Secretary of State, or any other hon. Member against whom he was going to make an accusation, to give that person an opportunity to be in the Chamber. Did he do so?

Mr. Llwyd: At 5 minutes to 11, Mr. Speaker.

Mr. Speaker: Perhaps in future more warning should be given. I would expect that. Hon. Members are entitled to at least have the opportunity to rebut any case that is put against them, and due notice should be given.

Gordon Banks (Ochil and South Perthshire) (Lab): My right hon. Friend may not be aware of a situation in my constituency, where in Crieff, in south Perthshire, as many as 40 residents are facing eviction from a caravan park because of a legal argument between the council and the developer regarding the wording of the licence and planning approval. While I understand the role of the Scottish Parliament and Executive in this matter, will my right hon. Friend find time to have a debate on this subject so that we can try to determine the depth of the problem in the UK as a whole? Does he agree that the innocent victims, namely the residents, should not be the people who are victimised in such situations?

Mr. Hoon: My hon. Friend is right in saying that I was not aware of that particular situation, but I anticipate that he has achieved his purpose by raising it. He is right to do so. Such questions of planning, housing and, indeed, caravan parks, cause difficulty across the country.

Mr. Andrew Mackay (Bracknell) (Con): As the Leader of the House has just announced that the Legislative and Regulatory Reform Bill will come back to the House the week after next, would he care to comment on the Government amendments that have been tabled today, which have completely emasculated that very bad Bill? Will he, as Leader of the House, who is responsible for looking after Back-Bench interests, ensure that in future that such a Bill, which harms parliamentary democracy and does not give us a chance properly to debate and vote on issues, never sees the light of day again?

Mr. Hoon: I have set out two days for the House further to debate that Bill. I am sorry that the right hon. Gentleman has chosen to put his criticism in that way. I should have thought that this indicates the way in which the Government respond to criticisms and table appropriate amendments. I am sure that I could discuss the matter at great length today. It is a fascinating Bill, and one that I am sure that all hon. Members will enjoy reading again in its amended form, but I will postpone that treat for a week or so.

Julie Morgan (Cardiff, North) (Lab): May I, too, call for a debate on pensions, especially occupational pensions? Now that the Government have rejected the recommendations of the ombudsman, my constituents who worked for Allied Steel and Wire and lost their pensions are pinning all their hopes on a hearing in the European Court on 1 June. Of the 2,000 affected in Cardiff, only 17 have been able to gain any assistance from the financial assistance scheme. Can we have a debate on that subject so that we can bring home to the Government the limitations of that scheme?

Mr. Hoon: I indicated earlier the importance of a debate on pensions, and I will certainly find out whether one can be arranged in an early manner. I am sure that my hon. Friend will have the opportunity to raise the position of her constituents at that time. I hope that she would give the Government credit for having, for the first time, introduced the financial assistance scheme. We recognise the vital importance that individuals place on their pension provision. When they are, through no fault of their own, deprived of that pension, the Government have taken action to provide some degree of security. That clearly needs to be discussed in the context of the wider issues about pensions, and the Government are keen to take forward that debate.

Sir George Young (North-West Hampshire) (Con): While the House welcomes the regular statements from the Home Secretary about the well publicised failings in his Department, is not there a strong case for a calm, full-day debate in Government time on how the systemic failings in the Home Office arose and on the steps being taken to put them right and, it is to be hoped, to prevent any recurrence? Will the Leader of the House find time for such a debate?

Mr. Hoon: I welcome the suggestion that Conservative Front Benchers, in particular, would benefit from a degree of calmness as they approach this issue. They should debate the subject rather than the prospects for the continued employment of my right hon. Friend the Home Secretary. Calmness is important, as this is a serious, sensitive issue. I recognise the importance to the country of ensuring the safety and security of our citizens. The Home Secretary has lately demonstrated his determination to come before Parliament regularly to explain the steps that are being taken to sort out the situation, and I anticipate that he will continue to do so.

David Taylor (North-West Leicestershire) (Lab/Co-op): A day or two ago, our Government entered their 10th year in government. The transformation of resources available to the public sector and the quality of services delivered has been very considerable. However, one area where we have, sadly, maintained the record of the previous Government is in the acquisition, design, build, implementation and running of major computer systems such as connecting for health, which had an original cost estimate of £2.3 billion. However, different estimates that have recently been made in *The Sunday Times* and elsewhere—twenty-three academics wrote to the Select Committee on Health—suggest a cost of £15 billion or more. As that overshoot of £12.5 billion would fund the deficits in NHS trusts for the next two decades, is it not about time that we had a debate on better ways of acquiring major new computer systems, in the way that is suggested by early-day motion 2056, of which I am a co-sponsor?

[That this House notes with concern the contents of a letter to the Commons Health Select Committee signed by 23 senior academics in computer-related science which criticises the NHS Connecting for Health computer system, and reports in The Sunday Times of 16th April that the system, which was projected to cost £2.3 billion, could cost between £15 billion and £30 billion; further notes that NHS trusts are facing an estimated deficit of £600 million to £1 billion; and calls upon the Secretary of State to set up an independent review of the project and to ensure that any savings identified are directed to cash-strapped NHS trusts.]

Mr. Hoon: My hon. Friend raises a serious and proper concern about large-scale computer systems. I assure him that lessons have been learned. Too often in the past, single systems were introduced on a large scale and did not produce the anticipated results. There have been several initiatives to try to introduce systems on a smaller scale to allow them to develop incrementally and deal with the problems over time. That means that we do not always experience immediate improvements and it is clear that the sort of changes that people face in society require computer systems that are sensitive and can be adjusted to deal with them. That is a continuing challenge for the Government.

Sir Nicholas Winterton (Macclesfield) (Con): The Leader of the House knows that hon. Members from all parties would like the House to take more control over how it spends its time. Will he therefore allow a debate on setting up a business committee in the House? Such a committee operates in the Scottish Parliament, the Welsh Assembly, the Northern Ireland Assembly, when it is operating, and in many legislatures throughout the world. Will he seriously consider that so that the way in which the House operates is more transparent and more sympathetic to its Members?

Mr. Hoon: I am grateful to the hon. Gentleman for repeating the speech that he gives regularly before the Modernisation Committee. I am growing to appreciate, love and even understand that speech. He is voluble member of that Committee—

John Bercow (Buckingham) (Con): And valuable.

Mr. Hoon: Thank you. The hon. Gentleman is, indeed, voluble and valuable. I believe that we shall continue debating the matter in the proper way through the Modernisation Committee.

Mr. Jim McGovern (Dundee, West) (Lab): I am sure that the Leader of the House appreciates and recognises the value of the service that local radio stations throughout the United Kingdom provide. The recent BBC White Paper has been met with some anxiety by many of those radio stations and I know that hon. Members would like to raise those concerns in a wider debate. Are there any plans for a debate on the BBC White Paper? If so, when?

Mr. Hoon: My hon. Friend is right to praise the work of local radio stations. I am an assiduous listener to Radio Derby on the Saturday afternoons when Derby County play away from home. It is interesting to note that the peak listening time for all local radio stations is when the local football team is away. However, they are a valuable source of information throughout the day and week. They are popular, especially with the elderly, and it is important that their continued success is recognised when we debate and discuss the BBC's work, as I am sure we shall do in the context of the White Paper.

Mr. John Hayes (South Holland and The Deepings) (Con): Farmers in my constituency face disaster. Those who are tenants cannot pay their rent, many have crippling debts and others cannot pay their suppliers. That is all due to the Government's delay in making the single farm payments. Will the Leader of the House arrange an urgent statement so that Ministers can refute recent reports from Brussels that they are attempting to get permission to delay the payment still further?

Farmers deserve fairness. The House deserves answers. Britain deserves better than Labour.

Mr. Hoon: I recognise the concern that the hon. Gentleman has properly raised about single farm payments. The Department for Environment, Food and Rural Affairs is tackling the issue urgently. I recently spoke to some farmers and I understand the anger and concern that is being caused. All I can do is assure the hon. Gentleman that determined efforts are being made to ensure that the payments are made in whole or in part by June. We need to continue to work through the system. The hon. Gentleman is right to raise the matter, and the Government are responding as quickly as they can.

John Robertson (Glasgow, North-West) (Lab): My right hon. Friend will know that the five major banks in this country have reported more than £32 billion of profits in recent weeks, yet the complaints against them about overcharging and placing ATMs in areas where there are people on benefit and the elderly and in rural areas are increasing. Will he find time for a debate on whether we should introduce a regulator who can keep those banks in check and ensure that the people who can least afford it are not charged unduly?

Mr. Hoon: My hon. Friend is right to raise ATMs, especially in rural areas. It is a problem in several small villages in my constituency and I recognise that people are worried about the costs that they face, especially for accessing their own money. The Government continue to raise the matter with the clearing banks—it is something that we need to get right.

Mr. Bernard Jenkin (North Essex) (Con): At column 961 of *Hansard* yesterday, the Prime Minister made the astonishing claim about foreign prisoner releases that he is

"making sure that that system is radically overhauled so that those who are convicted of a serious criminal offence are deported automatically."—[*Official Report*, 3 May 2006; Vol. 445, c. 961.]

I am sure that I do not need to point out to the Leader of the House that the Human Rights Act 1998 bears on that. Given that the Home Secretary's assurances about that measure during the passage of the Prevention of Terrorism Act 2005 have not been effected and the PTA is being challenged in the courts under the Human

[Mr. Bernard Jenkin]

Rights Act, may we have a debate on the latter's operation? All hon. Members believe in human rights but many of us also believe that the House should determine those rights in relation to the national interest and not have them decided by an external jurisdiction that may not have the national interest at heart.

Hon. Members: Hear, hear.

Mr. Hoon: I am sorry that the hon. Gentleman puts the case in that way and even sorrier that he appears to get so much support from Conservative Members. He should know—I am sure that he does—that this country has been bound by the European convention on human rights since the early 1950s.

Mr. Jenkin: Rubbish.

Mr. Hoon: I am afraid it is true. A Conservative Government, led by one of the greatest Englishmen who ever lived—Sir Winston Churchill—signed up to the European convention because, at the end of the second world war, the need to safeguard human rights and liberties was recognised absolutely. This country led the way—we drafted large parts of the European convention. To blame matters, for party political reasons—the hon. Gentleman will forgive me, but that is the case—on the Human Rights Act, which simply incorporates our existing international obligations into domestic law, is misleading. It is party political point scoring, which is wrong and unfair.

The hon. Gentleman needs to recognise—doubtless he will have some spare time over the weekend—that the key case was decided in 1996 by the European Court of Human Rights. A Conservative Government were in power at that time. The Government have joined in the challenge to that decision because we believe that the judgment should be changed. However, to suggest that the problem began with passing the Human Rights Act is plain wrong—and he knows it.

Mr. Andrew Tyrie (Chichester) (Con): The Leader of the House may not know that a hospital in my constituency has announced 200 job losses. He almost certainly does not know that it was identified only last year as one of the three best hospitals in the country, with efficient care at below average cost and high output measures, yet, far from being asked to expand, as it should, it is being asked to shrink. Will the right hon. Gentleman arrange an early debate in Government time about how that absurdity could arise and the key elements of Government policy that led to it, especially the capitation formula, which is dragging huge amounts of money to parts of the north of the country, where almost all strategic health authorities are in surplus, to the cost of strategic health authorities in the south of England, almost all of which are in deficit?

Mr. Hoon *rose—*

Mr. Speaker: Order. I want to take every hon. Member who is seeking to ask a question, but I can do so only if they are brief: so far they have not been brief.

Mr. Hoon: I am sure that it is right to take everyone who wants to ask a question and I shall do my best to answer their questions as briefly and succinctly as possible.

I am sure that, should the hon. Member for Chichester (Mr. Tyrie) catch your eye in the relevant debate next week, Mr. Speaker, he will have an opportunity of asking all those questions. However, he needs to face up to the fact that the Government have introduced a fair formula for capitation. We have changed a previous arrangement whereby disproportionate amounts of money were devoted to specific parts of the country. As someone who represents a constituency in the midlands—plenty of Members who are present represent the midlands and the north of England—I know that those areas were historically not properly and fairly funded in the way in which we are now trying to achieve. I am sure that the hon. Gentleman will have an opportunity of debating the matter with Labour Members next week, but fairness is an important part of the way in which we fund the health service.

Mr. Owen Paterson (North Shropshire) (Con): Last week, in a record 27 days, the European Medicines Agency committee recommended the use of Herceptin for early-stage breast cancer. That confirms the practical recommendations of oncologists, who will immediately administer the drug to patients with addresses in Cheshire, Staffordshire or Wales, when their primary care trusts will fund it. However, patients with a Shropshire address have to raise £47,000 or, in a bizarre new development, consider moving to Wales to get the drug.

Thanks to the promptings of the Leader of the House, the Minister of State has now replied to my three unanswered letters to the Secretary of State for Health on this issue, and confirmed that PCTs should not refuse to fund Herceptin solely on the ground of its cost. When will the Secretary of State come to the House to explain why her writ does not run in Shropshire?

Mr. Hoon: This is a serious issue, and the hon. Gentleman has raised it assiduously and consistently. He has asked me the same question repeatedly, and I give him the same answer. Indeed, on this occasion, he has answered the question that he set for himself. I do not need to add to that, save to say that I am sure that my right hon. Friend the Secretary of State will see through the logic of her position, making this drug available as and when necessary on the basis of the best clinical advice.

John Bercow (Buckingham) (Con): May we please have the first debate on Africa in this Chamber since 30 June last year? Given that, in the index of failed states that was published this week, no fewer than six of the 10 at the top of the list were in Africa—Sudan, the Democratic Republic of the Congo, Cote d'Ivoire, Zimbabwe, Chad and Somalia—is it not time for the House again to consider how the British Government, working multilaterally, might address the fragility of those states, which is damaging to their own citizens and a source of wider regional instability?

Mr. Hoon: I had not realised that quite so much time had elapsed since I last granted the hon. Gentleman's request for a debate on Africa. This is a matter that the Government take enormously seriously. As we speak, my right hon. Friend the Secretary of State for International Development is in Abuja to do precisely

what the hon. Gentleman seeks—to ensure that the British Government show their determination to support the African Union in achieving a peace settlement in Sudan. This Government use their energy, their authority and their influence to bring about such achievements. There is no doubt that we take these issues enormously seriously, and we will go on doing so. I will look into whether it will be possible to have a debate on the matter in due course.

Michael Gove (Surrey Heath) (Con): May we have a debate in Government time on accountability in the national health service, so that Ministers might have the opportunity to take responsibility for what is happening in the NHS? The Leader of the House will remember that, more than six months ago, I raised with him the closure of the centre of excellence at the upper gastro-intestinal unit at Frimley Park hospital in my constituency. He told me then to contact the Secretary of State for Health. I have subsequently written to three Ministers in the Department of Health and received three replies. On each occasion, I have been told that I cannot have a meeting, even though I have written on behalf of hon. Friends in Berkshire, Surrey and Hampshire. How can we ensure that Ministers take responsibility for the health services that affect our constituents if they will not meet us and if they will not answer questions in the House?

Mr. Hoon: I am tempted to say that at least the hon. Gentleman got replies, which I regard as very important. I also regard it as important that Ministers are willing to meet right hon. and hon. Members of the House. That is a basic principle that should be observed, and I will certainly investigate the matter that the hon. Gentleman has raised, because I believe that he should have the opportunity to take his case directly to a Minister.

Mr. Julian Brazier (Canterbury) (Con): In the aftermath of the 7/7 bombings, the Prime Minister set as his highest priority the deportation of the small number of hate-filled imams who have done so much damage among young Muslims, and against whom the moderate Muslim community has repeatedly called for action. May we have an early debate on that matter? May we also have clarification, following the announcements yesterday on the deportation of foreign criminals, that the measures will also apply to dual nationals, including the one such imam who now has a criminal record, Sheikh Abu Hamza?

Mr. Hoon: Detailed aspects of the Government's proposals will need further debate and discussion. Dual nationality might be one of the issues that has to be looked at in greater detail. I broadly share the hon. Gentleman's concern—as do the Government—to ensure that those who come here for a variety of purposes do so within the law and do not break the law. If those who are not British citizens do break the law, we take appropriate action, which must include their deportation.

Michael Fabricant (Lichfield) (Con): Although the results of DNA tests have yet to be confirmed, Staffordshire police have said this morning that the human remains found on Cannock Chase are almost certainly those of Gladys Hammond. The Leader of the House might recall that animal rights activists exhumed the remains of Gladys Hammond from her grave in Yoxall in my constituency. Will he join me in condemning not only the animal rights activists who did this terrible deed but those who persecute people working in medical research? Animal rights activists are hypocritical in the extreme, because they will have had antibiotics and vaccinations against childhood diseases, all of which, unfortunately, had to be tested on animals. Will the Leader of the House ask the Home Secretary to make a written statement on the Government's policy on trying to control the activities of these extremists?

Mr. Hoon: I agree with the hon. Gentleman, who puts his position very well. The behaviour of those responsible for that appalling incident was nothing short of disgusting, and we all share the concern of the family involved, not least because they have been subject to so much attack and disruption for engaging in perfectly lawful activities. The Government believe passionately in the importance of science and of scientific progress. My right hon. Friend the Home Secretary has worked with the science Minister to ensure that this country continues to be a centre of excellence for scientific progress. If we fail in that, we will not have a competitive role in the 21st century. Science, competition and efficiency go hand in hand, and the Government are determined to support them.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Will the Secretary of State for Education and Skills come to the House next week to make a statement on the arrangements that are being put in place to ensure that university students across the land are able to graduate this summer, should the industrial action by university staff be taken? Can the Leader of the House also offer any reassurance to a constituent of mine who has been told only this week that her dissertation is unlikely to be marked this summer, and that she will therefore be unable to graduate?

Mr. Hoon: It is important that students who have worked hard—and even some of those who have not—have their examinations marked and therefore have the opportunity to graduate. This is a vital, difficult and sensitive time in young people's lives, and we would not want industrial action to jeopardise their prospects. I suppose I ought to declare that I am a former member of the Association of University Teachers. I remember once marching under a banner that caused utter confusion to the local population, as it read "Rectify the Anomaly". It was not the most immediately effective campaign slogan, and it caused a great deal of puzzlement. I think that equal puzzlement would be caused to any students who did not have their exams marked. It is always much better if these issues can be resolved by negotiation rather than by industrial action.

Philip Davies (Shipley) (Con): The Leader of the House might recall that I mentioned to him a while ago the case of Stephen Ayre, a convicted murderer who was released from prison on licence and abducted and raped a 10-year-old boy in my constituency. Stephen Ayre was told last week that he would spend the rest of his days behind bars, but it also emerged that although he had

[Philip Davies]

breached the conditions of his licence the probation service had failed to send him back to prison, which allowed him to commit this awful crime on my young constituent. Will the Leader of the House ensure that the Home Secretary comes to the House to make a statement on what went wrong in this case, and that he ensures that nothing like this can ever happen again?

Mr. Hoon: I will not comment on the case in question, but it is important that we ensure that the probation service and other agencies are properly resourced and supported to be able to carry out the terms of any sentences that are imposed. In fact, licence arrangements have been remarkably successful. It is important that we recognise that fact. There are always such terrible cases where things go wrong, but that should not allow us to ignore the fact that licence in general works very well and is an important part of our penal process. It is important that this should be got right and it is important that the probation service should be supported to get it right.

Mr. Peter Bone (Wellingborough) (Con): Last Friday at my surgery, a group of families from the Croyland ward, which is in the heart of the Wellingborough constituency, came to see me. They are very concerned that one or two families are terrorising the neighbourhood and making life unbearable for law-abiding citizens. There is graffiti, vandalism and foul language. Yesterday, I was shocked to learn that one of the families who came to complain had had their property set on fire. Will the Leader of the House arrange for the Home Secretary to come to the House to make a statement, in this Government's 10th year in office, on how they intend to deal with those problems?

Mr. Hoon: The Government have set out and taken action in a number of areas to tackle those problems. We all recognise, across the country, that there is antisocial behaviour, and it is probably the leading issue raised in my constituency surgery. From what the hon. Gentleman says, I anticipate that the same applies to his surgery. That is why we have set out a respect agenda, given the police more powers and put more police on the streets, as well as community support officers. A range of measures has been taken.

Every so often hon. Members raise such issues at business questions, but I would like those same hon. Members to see through the logic of their complaints by supporting legislation that the Government introduce. There is sometimes, if he will forgive me for saying so, a disconnect between the two. He is right to raise his constituents' concerns about antisocial behaviour, but I am right to say that this Government have taken more action than any other in history to sort it out.

Mr. Philip Hollobone (Kettering) (Con): When can we have a debate on rural crime? I recently had a meeting with farmers, estate owners and people who live in the countryside around Kettering who feel increasingly isolated and under siege from Traveller-related and other criminal gangs, which are stealing tens of thousands of pounds-worth of agricultural equipment and threatening people in my constituency. There seems to be a group of people in the country that is increasingly above and beyond the rule of law.

Mr. Hoon: It is vital, in rural as well as urban areas, that the law is observed and enforced. I will not follow the hon. Gentleman down the route of suggesting who might be responsible for particular crimes, but I am saying that it is vital, in all parts of the country, that the police force is properly resourced and supported to be able to act against those responsible for such crimes. I believe that the Government, in ensuring that there are more police officers in every part of the country, are setting out on the right road in dealing with not only rural crime, but urban crime. I accept that there is still more to do; this Government are determined to do it.

Point of Order

12.23 pm

Mr. Peter Bone (Wellingborough) (Con): On a point of order, Mr. Speaker. At Wales questions yesterday, in reply to a question, the Under-Secretary of State for Wales said:

"The Welsh Assembly Government are planning to invest an additional £30 million in NHS dentistry in the coming year. That will bring total spending on NHS dentistry in Wales from £81,000 in the last year to over £210 million in the coming year."—[*Official Report*, 3 May 2006; Vol. 445, c. 957.]

Quite clearly, those figures are inaccurate. Can you advise me, as a Back Bencher, on how they can be corrected?

Mr. Speaker: The hon. Gentleman has raised his point of order, and *Hansard* will probably make a correction, but he is at liberty to speak to *Hansard* staff if he so wishes.

Disabled People

Motion made, and Question proposed, That this House do now adjourn.—*[Mrs. McGuire.]*

12.24 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): I welcome this opportunity to discuss the Government's record on improving the life chances of disabled people—a record in which we can take some pride. I also hope that we can debate the challenges that lie ahead and our strategy for tackling them.

The last Adjournment debate on disability took place in summer 2004. I have read the report in *Hansard*, and I was struck by the focus of that debate, which was almost exclusively on civil rights, although there were, as always, some well-made points on the wider agenda.

Since then, the Government have massively extended civil rights, and I will start by setting out some of our achievements in this area. We have also undertaken a comprehensive study of the life chances of disabled people and, through the flagship report by the Prime Minister's strategy unit, set out an ambitious but deliverable strategy to ensure substantive equality for disabled people within 20 years. That ambition ranks alongside, and is indeed integral to, our ambition to eradicate child poverty. I will take this chance to update the House on our progress in implementing that strategy.

John Bercow (Buckingham) (Con): Given that the Nuffield speech and language unit is a centre of excellence that for more than 35 years has been providing specialist teaching and therapy to children aged four to seven with severe speech and language disorders for whom no comparable provision does or can exist in mainstream education, will the Minister tell the House what discussions she has had with the Secretary of State for Health on the importance of protecting that centre of excellence from the threat of closure?

Mrs. McGuire: I will not deal with the specifics of the Nuffield centre, but I will explain some areas where we are working across Departments to ensure that we dovetail far more creatively in delivering for disabled people.

In January, we set out our proposals for welfare reform, which, again, are integral to the development of our policies for disabled people. We believe that they will end the marginalisation and exclusion of disabled people from the labour market. In that report, we explicitly set out our belief in the right of disabled people to work, and I know that hon. Friends and colleagues will welcome some discussion of that key element of our strategy.

However, before I begin that discussion, I want to spend a few moments reflecting on the position just under 10 years ago, not to seek to embarrass the official Opposition—*[Interruption.]* No, no. We need to be clear, though, about how much the debate has moved on in that period. In today's debate, we should appreciate the dramatic changes that have been made to the environment in which debates such as this take place.

[Mrs. McGuire]

I offer congratulations to the official Opposition, who have travelled a long road since 1995. We can all accept that, in 1997, disabled people had limited rights. Indeed, they had only two substantive rights—the right not to be discriminated against in employment if they worked for a firm employing more than 20 persons, and the right not to be directly discriminated against in the provision of services. However, there was no commission to help disabled people to enforce those rights.

I hope that we can all accept that there were opportunities missed—most notably when the Disability Discrimination Act 1995 was passed—to establish Britain as a beacon of civil rights for disabled people. Although the DDA was undoubtedly a small step on the right road, I suspect that in retrospect, many of those on the Opposition Benches regret that they did not respond more positively to the challenge that was presented to them at that time.

However, since then, and with increasing consensus in the House, this Government, who came to power in 1997 determined to deliver on a commitment to improve the rights of disabled people, have taken action to ensure that we meet the ambitions and aspirations of disabled people themselves.

In respect of extending rights for disabled people and those with long-term limiting health conditions, I submit that the Government's record is without parallel. I mentioned the debate in 2004, which preceded the massive extension of the Disability Discrimination Act in October of that year—a landmark in the history of disability rights. In that debate, the then Conservative spokesperson was still concerned that there might be a massive backlash from businesses, the public and the media. I am glad, however, that those prophecies of doom proved to be wide of the mark. In fact, the changes that extended the employment provisions of the DDA to more than 1 million additional small businesses and a further 7 million jobs, and brought the final access duties into force, are driving a massive cultural change in society.

Mr. Paul Goodman (Wycombe) (Con): As the then Conservative spokesman to whom the Minister referred, may I point out that saying that something might happen is not a prophecy? May I also ask her about the timing of the debate in 2004 to which she referred? The debate in 2004 took place on European election day. The debate today is taking place on local election day. Could she arrange for our next debate on this subject to be on a day on which local or European elections are not taking place?

Mrs. McGuire: The hon. Gentleman made great play of that in the previous debate, and I noted his comments. I am sure that the business managers will have heard his plea yet again. We have the opportunity to debate the issues today, and a significant number of Members who have strong views on the subject are here. I hope that we will use the time to promote the agenda rather than bothering about whether this is the right time to have the discussion—I will not go down that route to any great extent.

Mr. Tobias Ellwood (Bournemouth, East) (Con): Further to the intervention of my hon. Friend the Member for Wycombe (Mr. Goodman), the Minister mentioned that the last debate was in 2004, and that the main document sets out targets for 2025. May I suggest that we have an annual debate on the subject to monitor success in meeting those targets, rather than waiting until 2025?

Mrs. McGuire: I am delighted to tell the hon. Gentleman that he will be able to monitor the targets set by the Prime Minister's strategy unit, which has given a commitment to publish an annual report. I am sure that he can highlight the issue of whether we should have an annual debate in the next business questions that he attends.

Mr. Philip Hollobone (Kettering) (Con): Does not this opportunity to promote the agenda of disabled people also allow us to promote the agenda of those who look after them? My constituent, Mr. Gary Murphy, has given up his job to look after his two sons full-time, and is extremely concerned that the carer's allowance to which he is entitled is not sufficient to give his sons the care that he wants to provide.

Mrs. McGuire: I hope to deal later with the carer's allowance, which is an issue that individual Members might want to raise. I do not want to go into the details now, but it has never been seen as a wage for carers but as a contribution to carers' income, and it is not the only income support that carers can access. If the hon. Gentleman wants to write to me on the specifics with regard to his constituent, I shall be delighted to respond.

David Taylor (North-West Leicestershire) (Lab/Co-op): I pay tribute to the Minister for the energy and imagination that she has applied to her role since she has been involved in this area. One group who sometimes feel disempowered because they are not listened to, consulted or involved are those with long-term, disabling, chronic mental health problems. Yes, we have dealt with mental capacity, and that is fine. However, I speak regularly to a consultative group in my constituency, the people's forum, and although it is happy about that provision, it feels that it is not necessarily listened to at the upper levels of government. Are such groups not included in the strategy?

Mrs. McGuire: They are indeed. As my hon. Friend will be aware, when we extended the Disability Discrimination Act, we did so in a way that was sympathetic to the needs of those with mental health conditions. Part of the previous definition said that such conditions had to be well recognised clinically, and we have adjusted that interpretation to ensure that mental health conditions are treated with the respect that they deserve. Some of our efforts in both welfare reform and our benefits system reflect that a significant number of people suffer from long-term mental health conditions, which can impact in a volatile way on everyday life. I hope that my hon. Friend will agree that we have made great progress in working with mental health charities, stakeholders and those with mental heath conditions to ensure that our policies reflect the difficulty of such issues. I also thank him for his compliment at the beginning of his contribution.

We have made a massive cultural change. In many respects, we all now take for granted access ramps, communication aids and accessible toilets, which are at last becoming the norm, not the exception. In today's debate, however, I am sure that we will hear of gaps, and of organisations and businesses that have not taken their responsibilities in relation to such duties seriously.

Mr. Simon Burns (West Chelmsford) (Con): There will be gaps and areas in which organisations have not matched rhetoric with reality. One of those areas, which is crucial to carers who look after those with disabilities and long-term conditions, is respite care. The situation with regard to respite care is a disgrace. When will the Government get to grips with the issue rather than just speaking about it?

Mrs. McGuire: With the greatest respect to the hon. Gentleman, I am always suspicious of sweeping statements that respite care is a disgrace. He might want to raise specific issues, but respite care is seen as an important part of the support services given to disabled people and their carers. We continue to try to improve respite care. As he will be aware, however, much respite care is delivered by voluntary organisations and local authorities in partnership.

Mr. Burns: May I allay the Minister's suspicions with specifics? The biggest problem facing people who want respite care is either that they must go on a waiting list to get it, or that they have minimal control over whether they have it at a time suitable to them?

Mrs. McGuire: For every example like that, I am sure that there are examples of respite care provision responding meaningfully to the wishes and aspirations of local families. If the hon. Gentleman can specify examples of major difficulties, however, I shall be delighted to consider them and meet him to discuss them.

We should not underestimate the scale of the challenge that remains in embedding the duties of the Disability Discrimination Act, especially for small businesses, which sometimes wrongly assume that improving access means a complete refit of their premises. The message that I have given to them over the past months, and that I will give again today, is that it is not about a massive building programme. Physical adaptation might be a part of the changes needed, but it might not be appropriate in all circumstances. Small businesses should consider the way in which they deliver their goods and services so that people can access them. That is about adjusting for better business, because it is good for business. We continue to engage in awareness-raising activity with employers and service providers, spending £6 million on publicity for the DDA extension in 2004 to ensure that there are no excuses, while at the same time highlighting the many ways in which employers and service providers can meet their duties under the Act.

However, we were not content simply to implement the original Disability Discrimination Act 1995 fully; we always knew that there was more to do. As I am sure Opposition Members will recall, another feature of the 2004 debate was speculation on whether it was possible to steer a disability Bill through to Royal Assent in the remaining parliamentary time before the general election. We did fulfil our commitment to put a new DDA on the statute book, although I admit that we cut it fine: the Disability Discrimination Act 2005 did not become law until the last day of the previous Parliament, just over 12 months ago.

One of the reasons why we were able to deal with the Bill so quickly was that it had cross-party support. Some may recall that after being appointed Minister for disabled people last May, I wrote to all Members to celebrate the fact that we had managed to pass the Bill in record time, thus meeting our commitment to disabled people.

As many Members will know, from December last year the new Act extended protection to a further 250,000 by covering people with HIV, cancer or multiple sclerosis from the point of diagnosis. People with mental health conditions will also find it easier to show that they are covered by the Act. Progressively, disabled people will have new rights when, for example, sitting exams, using transport services, renting property and joining or using private members' clubs.

But perhaps the key proposal in the new Act is the introduction of the disability equality duty, which will come into force in December. From that date, it will no longer be lawful for public bodies to design services or carry out functions without thinking about how disabled people are affected. Public bodies will have to demonstrate that in everything they do they are considering the impact on disabled people, and that they have due regard to the best ways of eliminating discrimination and promoting equality of opportunity.

I want to stress what I believe to be two important aspects of the duty: the need for public bodies to involve disabled people, and the need for evidence of how their policies affect disabled people. What do organisations need to know in order to promote equality for disabled people? Who are the disabled service users and employees, and how can they be involved ?

I assure the House that this is not just a tick-box exercise. Most public bodies will need to have a disability equality scheme that sets out how they will answer such questions. I am pleased to say that recently published research on public bodies by the Department for Work and Pensions found that most organisations that took part in the survey had a disability equality scheme in place. On the other hand, fewer than half had involved disabled service users or disabled employees in the drawing up of their schemes.

The new duty requires public bodies to involve disabled people in the drawing up of their schemes, as only through real involvement of disabled people will all parts of the public sector be able to identify and address properly the biggest barriers that disabled service users or employees face. We must recognise that if we are to deliver modern services that meet the needs of the whole community, we must ensure that policies, practices and services meet the needs of disabled people from the outset. That is key to getting the disability equality duty right. The duty will require public bodies to assess the impact of their work on disabled people.

Ensuring that our policies and practices work for disabled people will also contribute to our wider aims and objectives. For example, we will not meet our

[Mrs. McGuire]

targets on employment or child poverty if we do not take account of the needs of disabled people. The new duties must make us work and do things differently.

We in the Government must also ensure that we meet our obligations under the duty. I am pleased that as part of the current consultation on the welfare reform Green Paper, the Minister for Employment and Welfare Reform has agreed that the Department for Work and Pensions will work with the Disability Rights Commission to develop a "prototype" disability equality impact assessment of our proposals for the reform of incapacity benefit. Along with my ministerial colleagues, I am determined to play my part in making sure that our Government respond positively to the challenge of the equality duty.

We are understandably proud of our record in extending rights, but I hope that this debate will focus mainly on our plans for tackling the challenges that lie ahead. As we all know, disabled people are more likely to live in poverty, to be out of work and to have fewer educational qualifications than the population in general. They are also more likely to experience prejudice and abuse than non-disabled people. We know that it takes more than legislation to change the lives of real people, and we are not prepared to sit back and see such inequality go unchallenged. That is why the Prime Minister, in his strategy unit report, referred to the challenge of identifying practical changes to help bring about equality for disabled people.

Three main themes emerged when the report was published in January 2005. It found that users were too often expected to manage their lives around public services rather than providers' designing services to meet the needs of disabled people themselves, and that public services and support were planned and delivered in organisational silos that simply failed to reflect the complexity of real people's lives. Our lives are not organised to reflect the current organisational profile of Government at either national or local level, and we need to challenge that. The report also found that service providers rarely involved users in the design of public services. How can we ever get the design of services for disabled people right without involving the people who know best what needs to be delivered?

At the heart of the strategy unit report was the belief that disabled people should be entitled to the same aspirations and expectations as those in the population at large. It contained 60 recommendations on how to achieve that across a range of areas, from early years education and support to employment and adult social care. I believe that the Government have grasped that agenda, and as a Minister I consider it a great privilege to be responsible for driving forward a cross-Government strategy to transform the lives of disabled people.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): Will my hon. Friend say something about social care workers who devote themselves to helping people with disabilities? All too often, sadly, people working in social care are poorly paid and poorly trained. We need to raise the profile of social workers, care workers and those who work transporting people with disabilities, so that we can recruit high-quality people and ensure that they are properly trained, and it becomes a real career option to do an invaluable job.

Mrs. McGuire: My hon. Friend makes a good point. As one who, in a previous existence, had some experience of work in the sector, I understand what she means. We need to look differently at how we deliver services. I hope that my hon. Friend is among the many who welcomed the launch of the new cross-Government unit, the Office for Disability Issues, which will bring together disabled people, Departments and service providers to deliver a real, significant and sustainable change.

We are determined to transform the way in which the Government engage with disabled people. The ODI will bring the voices of disabled people to the heart of Government through the creation of a national forum for disabled people. The advisory group that was established to help us establish the national forum has been working hard to assist us in developing the way forward, and already the ODI is bringing Departments together to improve services for disabled people.

Most obviously, such co-operation is bearing fruit in the individual budget pilots operating in several parts of the country. The pilots bring together a range of different support services for disabled people, including housing-related and other support for independent living. We all know that the current system for delivering such support can be bewildering, involving as it does several different funding streams and administrative bodies. The end result is often that people are left with little control over the services that they receive—a point to which the hon. Member for West Chelmsford (Mr. Burns) referred in the context of respite care—and how they are delivered. That, in turn, can lead to uncertainty, anxiety and sometimes isolation, presenting a barrier to, rather than enabling, independent living. Building on the success achieved through the direct payments scheme, the new pilots are intended to overcome these problems by bringing together different elements of support and putting the ability to choose how those services are delivered into the hands of disabled people themselves.

The strategy unit report also recognised that for disabled young people, the transition to adulthood is often a very difficult time. A multi-agency approach, in which young people and their families are at the centre, is the way forward. I am pleased to say that we have seen some good results from the 70 local authorities adopting a person-centred approach to transition planning. We are also examining the transition period in three of the individual budget pilot schemes—in Coventry, Barnsley and Gateshead—to see how such an approach can support young people as they move into adulthood. It is crucial that we get this issue right, because the transition to adulthood can be the most challenging time for disabled young people and their families. We need to ensure that our services are more joined up than they currently are. Many young adults and their parents have told me that they feel as if they are standing on a cliff edge—that they do not know what is going to happen as they move into adulthood. We need to pull together and to get our approach right, so that they do not feel that they are standing on a cliff edge, with no support as they grow older.

Finally, I think it appropriate briefly to touch on the welfare reform proposals that we set out earlier this year in the Green Paper, "Empowering People to Work", which has been welcomed by the disability lobby. Such a welcome is justified, as our starting point is that many disabled people want to work, and would do so if the right opportunities and support were in place. We estimate that some 85 to 90 per cent. of the 2.7 million people claiming an incapacity benefit meet the core definition of disability in the DDA. Those figures perhaps help to demonstrate why the employment rate of this group is less than 50 per cent., at a time when record numbers are in work.

We have set out clearly our ambitions in the Green Paper. We want to see 1 million fewer people claiming an incapacity benefit, and more older people and lone parents enjoying the benefits of work. That will put us on course to reach our aspiration of getting 80 per cent. of working-age people into a job. We believe that that goal is within our grasp; indeed, we have already achieved a lot. The new deal for disabled people has helped nearly 300,000 disabled people into work—I shall be interested to hear whether the Opposition will continue to support the new deal's approach—and we will continue to build on the very positive lessons learned from our pathways to work pilots.

The pathways to work pilots involve early and intensive support from a specially trained personal adviser—supported by health specialists, where appropriate—and provide access to a help menu designed to prepare people for work. Combined with the new deal and programmes such as access to work, the pilots have led to the first significant fall in the incapacity benefit case load in more than a generation. As part of our reforms, we will roll out this highly successful scheme across the whole country, so that all disabled people claiming an incapacity benefit can benefit from extra help and support.

I have set out this afternoon a hugely ambitious agenda that is central to our goal of an equal society with opportunity for all. We are transforming the way in which the Government respond to the needs of disabled people, and driving changes in the wider society to create a culture in which disabled people have choice and control over their lives. We are nearly 18 months into the 20-year strategy, and we will shortly publish and present to the Prime Minister the inaugural annual progress report, which will provide an honest assessment of the situation and enable everyone to judge whether we are achieving our aims. The life chances report was widely welcomed by disabled people; I am sure that they expect nothing less.

I believe that people will look at the progress that we have made and see that this Government have been true to our word. We have overseen the largest extension of disability rights in history, but we refuse to rest on our laurels. I genuinely welcome the official Opposition's change in attitude, and I know that certain individual Conservatives always supported this agenda. But I hope that the change in their official heart will prove to be about more than fine words, which are always easy to come up with. They have a lot to live down in this respect.

We are delivering on a strategy to improve the life chances of disabled people, but we still have a long way to go in changing society's attitudes. We still have to challenge the view that sees what disabled people cannot do, rather than what they can do. We have to change the perception that fails to value the ambitions and aspirations of disabled people. However, we have come a long way in a few short years, and in recent months we have had the support of other parties in this House, for which I am grateful. I am pleased to commend our record to the House.

12.56 pm

Mr. Jeremy Hunt (South-West Surrey) (Con): I begin by welcoming the Minister to the Dispatch Box for what I believe is her first major debate on disability since taking on her new role. She was kind enough to welcome me to the Dispatch Box during oral questions on 13 March, and it is a pleasure to return the compliment.

Today, I want to talk about a new Conservative approach to disability that builds on the legislative progress made through the efforts of those in all parts of the House, but which also recognises that the challenges that disabled people face today are different from those of 10 or 20 years ago. The life chances report talks about allowing disabled people to be respected and included as equal members of society by 2025. That seems a long way off, but the reality is that we have a huge mountain to climb to achieve that goal. The challenge for policy makers is to ensure that the progress on the path towards that goal is both steady and speedy.

Before I talk about the new approach, I want to take the opportunity to pay tribute to some of my predecessors in this post, who have given me enormous support and encouragement. My hon. Friend the Member for Wycombe (Mr. Goodman), who held this post until the general election, was enormously respected in the disability world for his grasp of policy detail. He undertook a detailed consultation of disability groups before the enactment of the Disability Discrimination Act 2005. Such consultation has provided extremely useful information that helped to form our thinking. I welcomed his intervention on the Minister concerning the timing of these debates; it would be good to have a disability debate on a day when more Members are able to attend.

On the subject of elections, why were 68 per cent. of polling stations inaccessible to disabled people during last year's general election? Some Members might think that the advent of postal voting means that such access is not necessary, but it is very important for blind and visually impaired people to have access to a Braille reader when voting. Such readers can be provided in polling stations; postal voting, on the other hand, does not solve the problem.

I want also to pay tribute to my hon. Friend the Member for Daventry (Mr. Boswell), who held this post before taking a different Front-Bench role. I am delighted that he has kindly spared the time to wind up this debate. He has a deep understanding of the complexity of disability issues, and enormous personal commitment to the disability agenda.

I thank the Minister for her comments. On the whole, they were more positive than those made by her predecessor in the 2004 debate. There has been much legislative progress on disability issues, and I am happy to commend that to the House.

[Mr. Jeremy Hunt]

For example, the Carers and Disabled Children Act 2000 allowed direct payments to be made to families. The Disability Rights Commission has been established, and it has done a great deal to campaign for disabled people's rights. The Special Education Needs and Disability Act 2001 made it unlawful to discriminate against disabled children seeking access to schools, and regulations introduced in 2003 made it easier for disabled people to get more choice in employment. In addition, we have had the Disability Discrimination Act 2005 and the establishment of the Office for Disability Issues.

The Opposition are prepared to give credit where it is due, but I hope that the Minister will also give full credit to the Disability Discrimination Act 1995. I was disappointed that she chose to describe it as a missed opportunity. That Act, piloted through the House by my right hon. Friend the Member for Richmond, Yorks (Mr. Hague), gave disabled people entitlement to civil rights for the first time, and made it unlawful to discriminate against disabled people in employment and in the provision of goods, facilities and services. It contained some limited but important education and transport provisions, which included the requirement that all stations and airports should be accessible, and also set up the National Disability Council, the precursor to the DRC.

The 1995 Act was

"the most important discrimination legislation in a generation."

Those are not my words, but those of the *Equal Opportunities Review*, which is hardly a Conservative-leaning journal. The Japanese have a saying that a journey of 1,000 miles starts with one step, and the 1995 Act was that first step.

Mrs. McGuire: The hon. Gentleman identifies that proverb as Japanese, whereas I thought that it was Chinese, but for the record I remind him that I said that the 1995 Act was a small step on the right road. That shows that we agree about that legislation.

Mr. Hunt: I am delighted to hear that clarification. The Minister's tone, both just now and earlier in the debate, is considerably different from the one that I have heard adopted on other occasions, by her and other Ministers. However, my point is that we are still very much at the start of the journey, even after all that legislation.

For example, Martine Wright is the remarkably brave woman who lost both her legs above the knees in the 7/7 bombings. Only two weeks ago, she said that her anger was directed more at the Government than the bomber, because of the poor levels of compensation that she had been offered. That lady lost 75 per cent. of her blood in the attack. She was in the Douglas Bader unit of Queen Mary's hospital for nine months, and now fears that the cost of being disabled will mean that she can no longer afford to live in London.

Martine Wright's involvement in the London bombing gave her a high profile, but there are nearly 1 million people in wheelchairs in this country. That means that every hon. Member has constituents who are being driven into poverty by disability.

Miss Anne Begg (Aberdeen, South) (Lab): I do not want to minimise the devastating impact that losing her legs in the London bombing will have had on that young woman, but the vast majority of disabled people are not looking for compensation or for someone to blame. They just want to make sure that the facilities are in place that will allow them to get on with their lives. A person born with a disability has no one to sue and cannot claim extra compensation. Sometimes the sort of argument being presented by the hon. Gentleman can be false, as it is not the reality for most disabled people.

Mr. Hunt: I am grateful for that intervention. The hon. Lady is respected enormously in this House for her contributions to disability debates. My point is that Martine Wright was angry about the compensation levels offered to her because she has a mortgage on a flat in London. After suffering her disability, she has been unable to work and is having to consider moving out of London. She does not want someone to sue: she wants to be able to lead her life independently, as well as she can, and I am sure that hon. Members of all parties will agree with that. I am not making a party political point when I say that we have a long way to go before we are able to give people the independent opportunities that they seek.

Mr. Ellwood: Does my hon. Friend agree that there is a difference between people who are disabled in a terrorist act, for example, and those who gain their disability in a different manner? I have met people who were involved in the Bali bombings and in the London incident of 7/7, and my experience is that the criminal injuries compensation scheme is very slow. The hon. Member for Aberdeen, South (Miss Begg) is right that disabled people are not looking for someone to blame, but they do want some compensation so that they can get on with their lives. Some people hurt on 7/7 are still waiting for help with prosthesis, which is not cheap. They are not getting the support from the Government in the timely fashion that they deserve.

Mr. Hunt: My hon. Friend makes an extremely important point. Regardless of the party to which they belong, all hon. Members want to help people with a disability, whether they are born with it or acquire it, so that they can lead an independent life as far as possible. The slowness of compensation is one of the issues that must be addressed if that is to happen.

I return to the broader question of disability and poverty. The Minister and many hon. Members will know that the Joseph Rowntree Foundation carried out an excellent study in 2004 that looked at the link between disability and poverty. It found that, even after all the additional benefits that disabled people get, the costs of being disabled can often amount to an extra £200 per week. It is no wonder that the proportion of disabled people living in income poverty has risen from 27 to 30 per cent. over the past 10 years, whereas the proportions of children and pensioners living in income poverty are going down.

Progress has to be made in other respects as well. In 2006, why do disabled people and their families often have to battle so hard to get the drugs that they need? In particular, people suffering from multiple sclerosis find it enormously difficult to get hold of Sativex, with totally

conflicting signals coming from the Department of Health and the Home Office. If they live in Staffordshire, Sheffield or Wales, they will also find it difficult to get beta interferon, the crucial drug that can prolong active life if taken in the early stages of the disease.

Another problem is the abuse of people with learning disabilities in care homes. Just this month, in the journal *Disability Now*, there is a story about a man who was abused in two separate care homes in London in 2003 and 2004. Those abuses happened 10 years after the same man was in the headlines for being assaulted and neglected in the Longeve home in Buckinghamshire. Such people have a right to expect the Government, regardless of which party is in power, to take more action to prevent that sort of abuse.

I stress that the Opposition do not put the blame for all issues facing disabled people at the Government's door. Tackling discrimination is a challenge for any Government, and we recognise that good intentions in that respect have come from all sides of the House. Lord Morris of Manchester, the first Minister for Disabled People and a noted campaigner on disability issues, said that tackling discrimination needs a combination of legislation and practical action. It is in practical action, rather than legislation, that the Government have neglected two vital elements of their role.

The first element has to do with the Government's role as a major employer. With 1.3 million people in the NHS alone, the Government have a fantastic opportunity to set an example, yet some Pathways advisers say that it is much easier to place disabled people in jobs in the private sector than in the public sector, as public sector organisations can be less flexible about making reasonable adjustments. According to the Cabinet Office public appointments unit, although 19 per cent. of people of working age were disabled in 2004, only 3.5 per cent. of the appointments made to the boards of public bodies were of disabled people.

I should like the Government also to look at their crucial role as a deliverer of services to disabled people. Often, the appalling bureaucracy and waste in social service delivery in particular have meant that many disabled people and their families have not received the services that they need. According to a Mencap survey, to which I referred in the House in Work and Pensions questions on 30 March, 48 per cent. of parents of severely disabled children receive no help from social services, 30 per cent. receive less than two hours help a week and 37 per cent. have to deal with eight or more different professionals. A quarter of the money assigned to help parents of severely disabled children is lost in so-called assessment and commissioning. In other words, it does not reach the pockets of the families who need it. I stress that those are not problems concerning the Government's good intentions, but if we are to deliver independent living to disabled people and to keep the promise of life chances, action must match oratory and results must match rhetoric.

Let me outline the Conservative approach to the disability agenda. This summer we shall hold five policy seminars with groups representing disabled people to listen to what they believe should be the basis of the policy. We shall test all policy recommendations against four fundamental questions. First, does a policy help disabled people live as equal and respected members of society? Secondly, does a policy help disabled people overcome the barriers that prevent them from living independently? Thirdly, does a policy help disabled people make their own contribution to society, whether in a voluntary or paid capacity? Fourthly, does a policy help, support and value the role of families and carers of disabled people?

The goal set in the first question is the objective of the life chances report and must be at the heart of disabled policy making. We can see from the progress in changing attitudes towards women and ethnic minorities that there is a big time lag between passing legislation, for example the first Race Relations Act was in 1965, and the Equal Pay Act was in 1970, and changing attitudes. We are right at the start of that journey for disabled people. At present, 38 per cent. of employers say that they would not take on someone with a disability. In the case of someone with a mental disability, that number rises to 63 per cent. That kind of discrimination against ethnic minorities, gays or women would be unthinkable, but it is a fact of life for 10 million disabled people. Equality of esteem for disabled people means tackling the deep-seated prejudice held by many people that disabled people are inferior. The social model of disability requires tackling disablism by changing attitudes as well as dismantling the physical barriers that prevent disabled people from getting around.

On the second question that I posed, I am new to this brief but in the short time that I have held it, it has become clear to me that what disabled people want for their lives is no different from what everyone wants for their life: the chance to make choices over their future, to control their destiny, to make the most of their talents and to make a contribution to society. We have a huge mountain to climb if we are to achieve independent living for disabled people. Given that the Disability Discrimination Act 2005 did not cover aviation and shipping, when will the Government come forward with policies to address the fact that three quarters of disabled people never use ferries and two thirds never fly? Why are disabled people often treated as second-class citizens in our hospitals? Why are social services, upon which disabled people depend so much if they are to live independently, so burdened with bureaucracy? The regulatory regime for social services means that social service departments have to prepare reports for the Commission for Social Care Inspection, delivery and improvement standards reports, 26 performance assessment frameworks, including key thresholds—whatever they are—best-value performance indicators for the Audit Commission, comprehensive performance assessments, referrals assessments and packages of care reports for the Department of Health. How can anyone possibly expect social services to concentrate on delivering good services for their disabled clients when their heads must be spinning with all the reports they must write?

Policies on independent living also need to look at housing policy. According to the charity John Grooms, 20 per cent. of physically disabled people are living in a house that they find difficult to move around in, 24 per cent. live in a house from where it is difficult to access shops and a quarter of disabled people who need adapted accommodation do not have it.

[Mr. Hunt]

I turn now to the third question I asked. On Tuesday I visited Action for Blind People, a remarkable organisation that helps blind and visually impaired people take the first steps towards independence by setting up their own business. Remarkably, one visually impaired person was setting up a catering business, another was setting up a scanning business and someone else was setting up an office supplies business. Despite this excellent work, there is a huge range of disincentives that stop disabled people engaging in the world of work. Only some of those are dealt with in the incapacity benefit reform Green Paper. For example, a disabled person can trigger a personal capability assessment that could threaten their disability living allowance if they do voluntary or part-time work, or go on a training course. Yet for many people who become disabled and have to stop work—

Mrs. McGuire: For the sake of accuracy, would the hon. Gentleman repeat that statement? I fear that he may have misunderstood the criteria of DLA and I certainly would not wish disabled people throughout the country to believe that somehow they are putting their DLA at risk because of the impression that he may just have given.

Mr. Hunt: I accept what the Minister says. The point I raised was made to me by a disabled person. There is a big communications problem and a great fear of personal capability assessments.

Mrs. McGuire: May I make it perfectly clear that disability living allowance is not income assessed? Many disabled people who are in full-time work have their full entitlement to DLA. It does not relate in any way whatsoever to other income. I would hope that the hon. Gentleman, as the shadow spokesman on disability, would ensure that the person to whom he spoke was appraised of that situation.

Mr. Hunt: I return to my previous point, which is that there is a great deal of concern among disabled people that, for example, if they go on a training course or do some part-time work, they might be assessed as less in need of their DLA than was previously thought. There is a huge communications problem. As the Minister is intricately involved in the reforms proposed in the incapacity benefit Green Paper, may I say to her that there is a huge problem because disabled people are concerned that anything they might do involved with part-time or voluntary work or education could compromise the benefits that they want to receive. For many disabled people it is such part-time work, attendance on a training course, or some kind of education that is the crucial first step back towards involving themselves in the world of work. They are often disincentivised from taking that first step.

Mrs. McGuire: For the sake of clarity—I hope that the hon. Gentleman understands why I am making an issue of this—there is absolutely no impact on DLA entitlement from somebody working full-time, doing voluntary work or doing no work. DLA is not income assessed. I hope that the hon. Gentleman is not confusing two benefits, namely incapacity benefit and disability living allowance. While we in Government need to be clear about our messages, he too needs to be clear and not confuse the two to make a political point in this debate.

Mr. Hunt: I am not confused and I am not making a political point. I am perfectly aware that DLA is not income-assessed, but I am trying to explain to the Minister that many disabled people are concerned that their DLA could be affected. This is an important point. We need to do more than reform incapacity benefit; we need to look much more widely at benefits across the board, to make sure that nothing in the structures has the unintended effect of deterring people from the world of work, whether part-time or voluntary.

Communications also need to be greatly strengthened in respect of access to work. Many people are not aware of the benefits available and do not know what help they could receive to get back into the world of work. Furthermore, many social services are offered only during normal working hours, which makes it difficult for people to use them while holding down a full or part-time job. Disincentives to work are the root cause of the link between disability and poverty and the Conservatives are determined to dismantle them.

The final question against which we shall judge new policies is whether a policy helps to support and value the role of the families and carers of disabled people. One in eight of the population is a carer; 1.25 million of them look after someone for more than 50 hours a week and 10 per cent. are themselves disabled, yet the system often completely fails to support carers as it should.

We should be considering streamlined systems such as the one in Austria, which I have raised with the Minister before, where families of severely disabled children are looked after by single assessment teams, comprising a paediatric doctor, a nurse, a physiotherapist and an information officer. We should be looking at streamlining the benefits system, which is neither simple to understand nor generous to carers, even though those involved in carers week estimated that carers save the state £57 billion annually.

We are proud to live in a free society where we try to value people by the merits of what they are prepared to contribute, and not by accidents of birth, class or privilege, but 10 million disabled people have been left out of the deal. It is time to put that right, not just by legislation and fine words, but by a fundamental overhaul of the way services are provided to disabled people, to help them to live independently, work freely and contribute to a society that has neglected them for too long.

1.23 pm

Dr. Gavin Strang (Edinburgh, East) (Lab): I am grateful for the opportunity to follow the hon. Member for South-West Surrey (Mr. Hunt), who spoke for the official Opposition, and I wish him well in his new responsibilities. We can look forward to some interesting exchanges, not least because my hon. Friend the Minister is determined to make sure that the hon. Gentleman does not mislead people about their basic rights in relation to disability living allowance and other benefits. However, I genuinely wish him well. It is an important brief and we can conclude

from his contribution today that he is very much on-message with his new leader, as they re-assess all their policies and make very different proposals from those of the past.

Many Members in the Chamber have a track record of tremendous experience and knowledge of the important subject of policies for the disabled. I have a few remarks about disabled people in the Edinburgh, East constituency, which I have had the privilege to represent for quite a few years.

I support the Prime Minister's strategy unit report, "Improving the Life Chances of Disabled People", published in January 2005 and to which my hon. Friend referred. The report establishes an ambitious 20-year vision, stating:

"By 2025, disabled people in Britain should have full opportunities and choices to improve their quality of life, and will be respected and included as equal members of society."

That is a big challenge, but the whole House should be prepared to sign up to it, not least because, according to the report, 11 million adults are rightly classified as disabled and there is also a large number of disabled children.

The centrepiece of the Government's strategy, as others in the Chamber know better than I do, is the promotion of independent living. Some Members will remember Margaret Blackwood, who set up the Disablement Income Group Scotland, of which I am privileged to be a patron. In Edinburgh, the Margaret Blackwood housing association specialises in the provision of housing to meet the needs of disabled people. The association makes an important contribution and is a fitting memorial to Margaret Blackwood. As the House knows, the Edinburgh economy is a dynamo for the whole south-east Scotland travel-to-work area, but a problem of that economic success is a shortage of affordable housing.

We need to tackle the barriers to employment for disabled people. We can all support the Government's emphasis in recent years on creating a society that provides maximum opportunities for disabled people to work in the wider economy—in workplaces in private businesses, the public sector and elsewhere.

The National Employment Panel's employers working group on disability published a report, "Able to Work", in January 2005, at the same time as the strategy unit document. The report noted:

"Fifty percent of working age disabled people are economically inactive—neither working nor actively seeking work—compared with just 15% of non-disabled people. Given that almost 20% of the UK's working age population are disabled, this represents a wasted opportunity on an enormous scale—for disabled people themselves, for employers and for the UK economy."

There can be no doubt about the importance of such opportunities, primarily for disabled people, because we want people to be able to make choices in society, but also for the collective good of the economy and society as a whole. We must do more to ensure that disabled people have the chance to work, to earn an income and develop their independence.

Many disabled people are prevented from making an effective contribution to their local community and economy, yet with support they can actively take part. Disabled people represent a significant pool of potential skills and abilities.

I want to focus on sheltered workshops. I am sure that my hon. Friend the Minister will not mind my mentioning her family connection, as her father, Councillor Albert Long, is still remembered for his contribution to BlindCraft in Glasgow and Strathclyde. She will be interested in our experience over recent years at the BlindCraft factory, a sheltered workshop in my constituency.

A few years ago, it became clear that there was a crisis in the workshop, which was losing a lot of money. For example, in 2002–03, City of Edinburgh council had budgeted for a deficit of £75,000. In fact, the deficit was more than £1 million. The following year, the deficit was more than £800,000. Quite clearly, those losses were too large to be sustainable and action had to be taken. It was against that background that the council embarked on a strategic review. It was a time of considerable difficulty.

People in the workshop were understandably concerned about their futures being jeopardised. One thing that I have learned from our workshop is that, although there are many people who are able to work in the broader labour market—we want to give them the maximum encouragement—there are also people who need the shelter of a workshop and who can make a great contribution to their own lives and to society as a whole within the framework of that supported work in the BlindCraft factory in Craigmillar in my constituency.

As a constituency MP, I was involved in a series of meetings with the council, Councillor Kingsley Thomas, the administration's lead councillor on social work, senior officials and Joe Mann, who is a senior trade union official from the union Community. I do not want to make too much of this, but I had three aims and concerns. First, we wanted an inquiry into what had gone wrong—things had gone badly wrong for reasons that I will not go into. Secondly, we needed a new general manager. Thirdly, we were concerned that the strategy of closing the wire side and just relying on bedding was high risk.

To cut a long story short, the City of Edinburgh council has chosen to proceed on the basis of the bedding and the separate metal department, which does not include the old wire section. That section was important, because some of the most disabled people were able to work there. Of course, there have been job losses—a disproportionate number of which have been among the disabled as opposed to the able-bodied.

I am pleased to say that we have a new general manager in place and I was able to speak to him this week. He has come from the private sector, and he must be given the opportunity to turn the business round and generate a profit. I know that he is concerned about the competition between the different BlindCraft factories in Scotland. He believes that, particularly in the case of beds, if the margins are driven down further, we shall not get the profit that we need and we shall be unable to reduce the overall deficit, although some progress has been made in that respect. Above all—this is the real worry—the cost per individual worker in the plant will be too high. He faces a big challenge, but I am encouraged by what he is saying. He is making an important point. He also has some important ideas about other activities that we can develop within the framework of the workshop to provide employment and an opportunity for the people concerned.

[Dr. Gavin Strang]

I know that many Members want to speak in the debate, so I will make just one final point. The problem is that the workshop is not just for Edinburgh, but for the local authority areas around it. Sadly, there is no agreement about the contribution that those local authorities have to make. I do not want to go into that in great detail, but the fact is that local authorities, which provide people for the sheltered workshop, must pay their share. The disagreement about their contribution has to be resolved. We must have a framework in which we have an opportunity to make a success of the workshop. In my opinion, there are not enough disabled people working there at the moment, because the numbers have been reduced to reduce the overall deficit. The effect of that is that the subsidy per disabled person is too high.

I look forward to making real progress. I welcome my hon. Friend the Minister to her responsibilities, although she has held the post for some time now. I know that we can count on her support to help us to make the progress that we need, because we are talking about a great asset and an important element in the overall framework that the Government want in order to encourage more disabled people to live full lives in the workplace.

1.34 pm

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): It is a pleasure to follow the distinguished contribution from the right hon. Member for Edinburgh, East (Dr. Strang). The issue that he raised is common to a number of constituencies. There are similar facilities in Inverness. Many of the problems that he described will be familiar to other hon. Members.

I welcome the opportunity to hold this debate. The Minister was right to say in opening that there has been a great deal of cross-party consensus on the issues that we are debating—*[Interruption.]* Recently. Over a longer time scale, the Liberal Democrat party has played a role in seeing a way forward on a number of different disability issues, so it is good to have the chance to debate the matter. However, I reinforce the point that was made earlier from those on the Conservative Back Benches that it is perhaps a shame that this debate is taking place on local election day, when many hon. Members on both sides of the House cannot, for various reasons, be present. If the debate becomes an annual feature of the parliamentary calendar, as I hope it will, perhaps in future it could coincide with the publication of the annual report. It could become a regular feature—held on a day when more hon. Members could attend and take part.

After all, according to some definitions—the life chances report makes this clear—there are 11 million disabled people in this country. To put that in context, that could be more than the total number of people who will vote in the local elections today. We are talking about a tremendously important part of the population and therefore a big issue for all MPs—not just those of us who happen to be present today—and their constituents. Many issues affect the life chances of disabled people and they cut across a number of different portfolios. There are many points that I would like to cover today, but I will not have time.

There are a few issues that I would like to draw out from the strategy unit report. The Liberal Democrats welcome the report and particularly its focus on independent living, families with young disabled children, the transition into adulthood and support and incentives for getting disabled people into employment and helping them to stay there. We also welcome the Government's acceptance of the recommendations in the report.

Importantly, the report is not based on a medical or impairment-based definition of disability. Although it does not explicitly state that it is adopting the social model of disability, its focus on the disadvantages that individuals experience as a result of barriers, both physical and attitudinal, is quite close to the social model. I hope that the Government will continue to develop that approach.

Before getting to the main issues that I want to address, I should say that, earlier this year, I put a question to all the Departments asking whether they had already nominated a Minister to liaise with the Office for Disability Issues, the establishment of which I warmly welcome. The life chances report was clear that several of its recommendations were for all Departments and not just, for example, for the Department for Work and Pensions. I was pleased that nearly all the Departments responded positively. However—I hope that the Minister will take this point up with her colleagues—there are four that I would like to name and shame, if I can use that phrase. They have not, as yet, appointed a Minister to liaise with the Office for Disability Issues. Those Departments are: the Department for International Development, the Cabinet Office, the Northern Ireland Office and, last but not least, the Treasury. Perhaps the Secretary of State could ask his Cabinet colleagues in those Departments to fall into line with other Departments and appoint a Minister with responsibility for these issues.

The life chances report emphasises the interlinked issues of poverty and work. The clearest indication that disabled people do not have the same life chances as the rest of society is the extent of the poverty among them. Child poverty and pensioner poverty are decreasing—perhaps not as fast as some of us would like—but poverty among disabled people is still high and rising in some categories.

Some 55 per cent. of families with disabled children are either in poverty or at its margins, and 30 per cent. of working-age disabled adults live in income poverty—higher than the 27 per cent. figure of a decade ago and double the rate for non-disabled adults. Some 13 per cent. of working-age adults are judged to be at risk of developing a mental illness, but the figure is almost twice as high for the poorest fifth of the population at 25 per cent. About 800,000 disabled people between the age of 25 and retirement age are classed as economically inactive but wanting work, compared with only 200,000 who are officially counted as unemployed.

Addressing the barriers to work is therefore absolutely key to tackling poverty among disabled people. Indeed, the life chances report makes that very clear in a table on the employment growth needed to reach the current UK employment rate, and by far the greatest employment growth is needed for disabled people—1.7 million is the figure given—to reach the

overall employment level for the country of any of the groups highlighted in the report. With that in mind, I should like to turn to welfare reform.

The hon. Member for South-West Surrey (Mr. Hunt), the Conservative spokesman, explained the need to communicate clearly information about such issues, but we all have a responsibility to communicate clearly about the benefits that exist, so that no hon. Member reinforces whatever confusion may exist in people's minds and may be reinforced occasionally either by things that the Government say or by the way in which newspapers pick up on things that they say.

The welfare reform Green Paper is obviously welcome, although it perhaps took a little longer to reach us than we had hoped, and there is still a problem in that it is short on detail in many respects, particularly in relation to the action that needs to be taken to help not only people on incapacity benefit to get back into work but, equally important, those people who suffered a disabling event to stay in work, rather than losing their jobs and moving on to benefits.

All the evidence shows that people are much less likely to find work once they go on to incapacity benefit, whereas retaining people in employment should be the primary objective. In that context, I hope that the Minister will seriously consider the proposal for rehabilitation leave, which was recently made in a ten-minute Bill, as a way of making it explicit in law what is already thought to be a reasonable adjustment under the Disability Discrimination Act 1995.

Making it clear in law that there was a entitlement to rehabilitation leave for people in the circumstances that I have described would make it a good deal easier for people to assert their rights, rather than expecting people to have a detailed knowledge of the 1995 Act and what might constitute a reasonable adjustment in various circumstances. Likewise, access to condition management programmes for people who are still in work but perhaps having a period of rehabilitation leave, as opposed to only being able to gain access to such programmes when they have already lost their jobs or are on incapacity benefit, would be a valuable step forward.

I should also like to ask about the overall target in the welfare and reform proposals. Again, the Minister made it clear in her opening remarks that the target was to get 1 million people off incapacity benefit over the next 10 years. There is a subtle but important distinction between targeting getting people off benefits and targeting getting people into work. Over the next 10 years, almost 1 million people who currently receive incapacity benefit will reach retirement age and therefore be entitled to claim pension. Of course, the Minister will no doubt rightly point out that many more people will be flowing on to benefits.

Mrs. McGuire: Perhaps I can help the hon. Gentleman. Yes, our aim is to get 1 million people off incapacity benefits, but it is also to reach our aspiration of having 80 per cent. of working-age people in employment—the two go side by side.

Danny Alexander: I am grateful for that sensible and well-made point, but it is also true that the targets expressed in the welfare reform Green Paper have often been reported in the media as getting 1 million people who are on incapacity benefit into work, and it is important to be clear about that distinction.

One of the issues in the welfare reform Green Paper that needs to be further developed from what the Government have so far proposed relates to the radical reform that is needed in the benefits system as it affects disabled people. The system is too complicated. The difference between incapacity benefit and jobseeker's allowance is at least in part a recognition of the fact that people on incapacity benefit are suffering from disability or ill-health conditions whereby they are likely to be out of the labour market for a substantial period. Therefore, to some degree, within the operation of incapacity benefit, there is a link between the proportion of support that they receive for being out of work and the fact that they are disabled. That question needs to be looked at in much greater detail in future.

Mr. Jim McGovern (Dundee, West) (Lab): The hon. Gentleman says that incapacity benefit is different from jobseeker's allowance and that that indicates the claimant's desire to get back into work, so does he feel that people on jobseeker's allowance have no desire to get back into work?

Danny Alexander: No, quite the reverse. In fact, one of the principal distinctions between incapacity benefit and jobseeker's allowance is that the latter makes it mandatory for benefit recipients to engage in back-to-work activity and actively seek work, whereas those obligations do not apply to incapacity benefit recipients at the moment, although the Green Paper, which is slightly fuzzy on the detail, suggests perhaps a slight change in that direction. No doubt, we will see more of that when such a Bill is introduced in due course.

The principal issue that I should like to raise in relation to the extent to which the Government's welfare reform proposals can succeed in helping to deliver the objectives of the life chances report of getting people with disabilities back into employment is the resources that are available to extend the pathways to work scheme across the whole country. The £360 million that has been allocated in the Green Paper is simply not enough, compared with the costs of the pilot schemes. I am very concerned that the roll-out might lead to a sort of "pathways-lite".

The Government's estimated cost of £400 per claimant suggests that £440 million will be needed over two years, but the Government's estimate of £360 million does not include either the cost of the back to work credit or condition management programme. We have heard several other estimates of the cost of rolling out pathways from a number of non-governmental organisations. They all suggest that the figure that the Government specify in the Green Paper is not nearly enough. The figure is, frankly, hard to estimate, because of the poor quality of information available from the Government on the cost of pathways, but the estimates that I have seen from a number of organisations all have one thing in common: they suggest that £360 million is not nearly enough for the comprehensive support programme that we would all like to see.

I hope that the Minister will address a further point in her concluding remarks. It is suggested that the £360 million that has been allocated will come from

[Danny Alexander]

existing resources, so I should be interested to know when we will find out from which existing resources that sum will be diverted to deliver pathways to work.

Condition management is a very popular and successful part of the programme, but it relies particularly on a supply of properly qualified professionals—such as cognitive behavioural therapists, for example—yet we do not have enough people in those categories and they can take up to five years to train. Likewise, high-quality employment advisers are also needed.

The Green Paper also considers the separation of welfare to work support from benefit decision making, particularly through the use of more private and voluntary sector contractors to deliver back to work help. That is a welcome move forward. I am sure that all hon. Members have examples of organisations that are effectively delivering back to work help in our constituencies. In Inverness, for example, there is an organisation called the SHIRLIE Project, which is very successful, particularly in enabling people with learning disabilities to get back into work. It has an astonishingly high success rate, and it has been able to draw on support from various Government bodies to deliver a flexible programme. Making more use of such organisations makes a great deal of sense. The Green Paper does not deal with the specification of contracts, but that is important if those organisations are to deliver help effectively, giving providers the time scale, flexibility and stable financial footing that they need.

Mr. David Heath (Somerton and Frome) (LD): As my hon. Friend knows, my background is in dealing with visual impairment. Does he agree that just as important as getting people back to work is maintaining them in work, particularly in the case of progressive illnesses or late-onset conditions? Investing in initiatives to enable people to continue to do the work for which they are trained and in which they have expertise, irrespective of a disability that may otherwise hinder them, is money well spent.

Danny Alexander: I could not agree more, and my hon. Friend has anticipated my next subject.

Genuine support for employers and employees so that people can remain in work is an essential part of any policy framework to deliver the objective of the life chances report by 2025. The access-to-work scheme, on which the Minister and I have had exchanges before, is very valuable indeed, and it is one of the Government's great unsung success stories. If I were her, I would be shouting that success from the rooftops and promoting it to businesses large and small. However, 80 per cent. of smaller businesses do not know anything about it. I therefore urge her to go around the country and get on her soapbox to promote it. According to a parliamentary answer, its net benefit to the Exchequer is £1,400 and the net benefit to the economy after costs is £3,000 per person helped. Employers who employ individuals who have been awarded access-to-work credits can make adjustments to enable them to remain in work, which is particularly valuable in the case of people who experience a disabling event or who have a visual impairment. I congratulate the Government on the scheme, but we need to hear more about it.

There was a gap in the Green Paper on disability awareness among employers. When will the Government publish an employer engagement strategy to encourage businesses and companies in the private sector better to understand the issues and adopt the right attitude to the employment of disabled people?

Mr. McGovern: Is the hon. Gentleman aware of Remploy, which not only provides supported employment in the workplace, but helps to place disabled employees in full-time mainstream employment?

Danny Alexander: I certainly am. The hon. Gentleman has characterised its work very fairly, and it plays an important role. In the Easter recess, I was delighted to have the opportunity to visit the Working Links "Working in Neighbourhoods" project in Parkhead in Glasgow. Part of its success stems from the fact that it works closely with employers. Not only does it place people in work, but it continues to work with employers after they have been employed so that if problems arise there is a three-way discussion. That helps to prevent the problem of someone starting work, encountering difficulties and being thrown out of their job, perhaps leaving them even further behind than they were when they started work. Such initiatives should therefore be valued and promoted.

The Minister mentioned the duty to promote. Will the Government encourage more public sector bodies to attain the Employers Forum on Disability standard so that there is a better understanding in the public sector of the needs of the private sector and awareness of the forum's work to promote understanding and the right attitudes in companies? We have heard today that those attitudes would be valuable in many public sector organisations, as well.

The Government rightly accepted the proposal in the life chances report that each local authority should have a user-led organisation modelled on the existing centres for independent living by 2010, but in a survey this month by "Disability Now" magazine half the centres that responded said that they were threatened by the loss of all or part of their funding. Support for both core and project-related costs of peer-led projects for disabled people has been withdrawn. It has been given instead to organisations that are not run by disabled people or, indeed, withdrawn altogether, thus forcing centres for independent living to be excessively driven by funding demands and tendering requirements, preventing them from pursuing objectives focused on their members' needs, desires and wishes. How do the Government intend to ensure that their commitment to a network of centres for independent living is met, as the reality is that many centres are struggling to avoid closure?

Mr. Hunt: I do not know whether the hon. Gentleman is aware of the most recent issue of "Disability Now", which reports that half the centres for independent living that responded to its survey said that

"their funding was under threat or has been in the last year"?

Danny Alexander: Not only am I aware of it, but I made that point 45 seconds ago. I am grateful to the hon. Gentleman, however, for repeating the point and giving some additional publicity to "Disability Now", which is an excellent publication.

Another organ ation that plays a vital role in realising the goal independent living is struggling to avoid closure. Assist UK, the umbrella organisation for centres that provide independent advice on finding the equipment that disabled people need to help them live independent lives, has lost its core funding from the Department of Health. During the Scottish parliamentary by-election in Moray, I had the pleasure of visiting the Elgin centre, which provides advice to disabled people on appropriate equipment. Such centres do fantastically important work, especially in ensuring that disabled people are not subject to doorstep selling techniques that can lead them to spend far too much on equipment that is not suited to their needs. The strategy unit report called for an independent living task force to be set up by December 2005, but that has still not happened. In answer to a parliamentary question that I tabled, the Minister said that it would be established by spring 2006. Spring was late this year, but the task force is even later, so can the Minister tell us when it will be established, as it will play an important role in promoting independent living?

Transport and getting around the community is vital to ensure that disabled people have the life chances that we all want them to have. It is important to stress that improvements are under way in many public transport sectors, thanks to the Disability Discrimination Act 1995, which the Minister rightly commended. Too many companies and organisations, however, have failed to abide by their obligations under the Act, and are getting away with it. Hon. Members will have received anecdotal reports of such problems. For example, last week a member of the Liberal Democrat Disability Association saw the companion of a wheelchair user ask a London bus driver to lower the ramp. As they waited by the exit door for the ramp to be lowered the driver closed the doors and sped off. The LDDA member asked the driver why he had done so, and he said that there was no room. However, that was not the case. Even if it was, he should have explained that to the person concerned. He refused to give his name, and a member of the British Transport police who boarded the bus said that they could not do anything to help.

That anecdote reflects a significant problem with people's attitude. What are the Government doing to ensure that disability awareness training is given to transport providers and that there is effective monitoring and enforcement? We need to see the full picture, but the anecdotal evidence is worrying.

Miss Begg: I appreciate that that did not happen to the hon. Gentleman's constituents, but constituents of mine in Aberdeen have complained to me about bus drivers' rude behaviour and their failure to offer help. I took those complaints directly to their employer, First Bus, which is keen to make sure that their drivers are always polite and helpful. The company wants abuses to be reported because it does not reflect well if its drivers are rude and unhelpful.

Danny Alexander: The hon. Lady makes a fair point. I would hope that all transport providers have the same attitude at a senior level that she has described.

The question of extending the Disability Discrimination Act 1995 to air and sea travel has been raised. It is appreciated that there are difficulties with international travel. I congratulate the Government on having made some progress during their recent EU presidency.

There need not be any delay, however, with domestic air and sea transport. I understand that a benchmarking exercise carried out with the Disabled Persons Transport Advisory Committee was due to report on the issue in early 2006. I would be grateful if the Minister could update us on the current position.

I have had similar experiences to the hon. Member for Aberdeen, South (Miss Begg) with rail transport, where there are still significant problems with access to railway stations. That applies also to access to train services in my constituency, and I am sure that that applies to other areas. It is an issue on which we should have a continual watching brief.

I shall refer briefly to housing. In 2003, the charity John Grooms found that more than 20 per cent. of disabled people live in houses that are difficult for them to enter and move around in. It was found that 40 per cent. felt that their housing situation made them more dependent on other people. As for wheelchair users, 24 per cent. felt that they were prisoners in their own home due to poor location with lack of access to services and to transport. The lack of a proper focus on housing related issues is one of the relatively few weak spots in the life chances report. The Government need to ensure that as the life chances vision is taken forward housing does not continue to be overlooked. It was a great disappointment that the Government's review was abandoned. It would have incorporated the lifetime home standard within building regulations. I hope that that is something that can be considered again in due course.

Greater and more effective use must be made of the existing stock of accessible housing. The right hon. Member for Edinburgh, East referred to the lack of affordable housing. However, within all our constituencies there is a stock of housing that is accessible to the disabled. The use of accessible housing registers, for example, can help to ensure that that housing is made available more directly to those who need it most.

With elections taking place today, mention should be made in the debate of the difficulties that many people have in voting. A survey by Scope showed that in the 2001 general election 69 per cent. of polling stations were inaccessible to the disabled. I doubt whether any of us can give assurances that our party has ensured that we have provided our election leaflets in accessible formats for those who need that—for example, large print and easy read. Accessible versions of Government publications are equally sometimes hard to find. For example, the easy-read version of the welfare reform Green Paper—if anything should be provided in an easy-read version, it should be that document—arrived about a month after the Green Paper was published.

Mr. Tim Boswell (Daventry) (Con): Would the hon. Gentleman care to reflect on the fact that in a written answer that I received from the Minister recently, she laid great store on the care and commitment of her Department to provide accessible formats? The case

[Mr. Tim Boswell]

that the hon. Gentleman makes, of which I was also aware, well demonstrates that in Government Departments, too, there is a long way to go.

Danny Alexander: I thank the hon. Gentleman for making that point. As for the welfare reform Green Paper, I find it disappointing that despite the delay in publishing the easy-read version, there was no extension given to the consultation period.

Mrs. McGuire: We liaise closely with the organisations involved, especially those representing people with learning disabilities. We did two things. First, we apologised publicly to them for the delay in publishing the easy-read version. Secondly, we extended the time by which they could respond to the consultation. That was made clear at the time.

Danny Alexander: I am grateful to the Minister for pointing that out. As for extending the time scale for consultation, that was not made clear to me in parliamentary answers. I am pleased that the Minister has made the position clear now. That seems to be a positive step forward.

I move on briefly to the issue of funding. A study undertaken by the Department for Work and Pensions, working paper 21, concluded that disability benefits are not currently sufficient to meet the extra costs that disabled people face. It is hard to identify all of the extra costs that are involved. Therefore, it is a complicated matter. The study was clear that while it could not necessarily ascertain the full extent of the extra costs, the full extra costs were certainly not met. That is in line with the findings of other studies, not least the Rowntree study, which has already been mentioned.

It seems to me that independent living cannot fully be achieved while that remains the case. For example, disability living allowance does not provide for communication support needs, such as augmentative communication support equipment. Towards the end of the strategy unit report, it is stated:

"Although there are advocates of a step change in allocation, it is unrealistic to assume that substantive new resources can be made available".

However, the document concludes that the unit has made a constructive case for persuasive bids in the next spending review. It says:

"With the 20 year horizon of the vision it will not be credible for the recommendations to be challenged on the grounds of available resource, only timescales."

The report also suggests where the extra resources might come from. In the summary it states:

"Successful implementation of the proposals in this report will depend, where necessary, on the appropriate level of funding being made available as a result of successful outcomes from future spending reviews. But in overall terms, a more efficient approach which promotes increased economic participation should deliver a net economic benefit in the medium to long term."

So—the Minister will no doubt point this out—there may not be funds available in the short term for a step change, but it is clear that in the long term there will be a net economic benefit from greater inclusion of disabled people in the work force, both through savings on benefit spending and increased revenue from the greater level of economic activity.

I wonder whether the agenda is being driven by the Treasury. Is welfare reform seen by the Chancellor of the Exchequer simply as a savings exercise, with all spending decisions on the net benefit to come from No. 11? Perhaps the best hope that the Minister can give disabled people today is that all of the life chances recommendations will be implemented, and that she will confirm that she will make a strong case to the Chancellor ahead of the next spending review that there is a clear case for the savings that are delivered to be at least in part allocated to bringing about the vision of the life chances report and implementing its recommendations by 2020.

That would mean that disabled people throughout the United Kingdom could have confidence that not only have the Government set out worthwhile aspirations and worthwhile policy goals in the life chances report and accepted all 60-odd of the recommendations, but that over the period of the report steps will be taken, through the benefits that are delivered to the economy, to make resources available and to deliver the other recommendations.

2.8 pm

Miss Anne Begg (Aberdeen, South) (Lab): I begin with an apology: I may not be available to stay in the Chamber for all the summing-up speeches. Unfortunately, the last plane to Aberdeen leaves earlier in the summer schedule than at other times. Last week my hon. Friend the Member for Aberdeen, North (Mr. Doran) and I both missed the plane, and it took us some effort to get to Aberdeen the night we were due to arrive there. I have constituency engagements tomorrow—and although things have improved quite considerably for disabled people, hiring an adapted car with an automatic gearbox at short notice at Edinburgh airport at 11 pm or midnight is not presently open to disabled people. I hope that it will be understood if I cannot stay to the end of the debate.

I intended to begin by listing all the positive things that the Government have done, but the wind has been taken out of my sails a wee bit. The hon. Member for South-West Surrey (Mr. Hunt) did the job for us. That in itself is a telling change, and I welcome the change in tone and mood from those on the Opposition Front Bench. The hon. Gentleman gave credit to the legislation that the Government have put in place. He talked about changing attitudes and about how the landscape for disabled people today is quite different from the landscape that existed in 1997.

Because the changes have often been incremental and quite slow, it is sometimes useful for those of us who have been involved in the debate for a long time to reflect on how much has changed, how dramatic the change has been and how much it has speeded up in the past 10 years. People for whom the Government have made successful changes have a tendency to put those improvements in their pocket and say, "Thanks very much. What are you going to do for us now?"

There have been changes in legislation and in attitudes—not just among those on the Opposition Front Bench, although perhaps that reflects their attempt to be closer to the people. They have sensed a change in attitudes to disability among people, whether they are disabled or not. The hon. Member for South-West Surrey said there was a mountain to climb.

Unfortunately that mountain keeps getting higher, because our expectations keep rising, so he will find, as we have done, that as one gets to the foothills, it is even further to the first base. I welcome the hon. Gentleman on that journey. I do not want to be churlish, but in the past his party has not even got to first base camp, so it has a long way to go to catch up with everyone else.

Attitudes have changed among disabled people themselves. No longer are they willing to sit back and accept discrimination as part and parcel of their life. Before I was elected to the House, I remember having a heated argument with someone who was involved with an organisation for disabled people. He was not disabled himself, but he worked and gave up his spare time to help disabled people. He believed that the only way to change attitudes was through education, and that legislation had no part in it. I argued that legislation set a benchmark and set the tone and the mood. People are generally law-abiding and once legislation is passed, their attitudes will fall in behind it. That is an important lesson to be learned.

The hon. Member for South-West Surrey spoke about the time lag between legislation and the change that that legislation brings about. I agree that with race and gender that time lag has been substantial, but with disability, the time lag has been foreshortened. I pay tribute to the Government because it is legislation, backed up by action, that has helped to speed up change.

I remember a time when small businesses would have been the most vehement opponents of the extension of part III of the Disability Discrimination Act 1995. They would have said that it was impossible for them to make any adaptations as that would put them out of business, and so on, yet the Federation of Small Businesses in Scotland has been one of the bodies most actively involved in changing their members' attitudes, to make them realise that those changes are good for their business. For service providers, particularly restaurants, there is money in disability. Disabled people do not go out and socialise on their own. They tend to go out with a crowd, so if a restaurant or a venue is inaccessible to someone like me it is inaccessible to all my pals, because we will not go there. There is a good business case to be made.

For businesses that are struggling to recruit new employees at a time of high employment levels, skills shortages and in some cases a labour shortage, unless small businesses look to those who have been out of the labour market for some time because of a disability or a health problem, they will not find the quality staff that they need.

Attitudes have changed. Discrimination still exists, but not to the extent that I remember experiencing it when I first started using a wheelchair. It is not as overt and in your face as it used to be. I took petty discrimination for granted and accepted it as being part of my life. It was not worth getting worked up about it, because I would have gone through life being angry and annoyed, constantly writing angry letters, constantly complaining and constantly making an issue of it. It was just too much effort, and it was often easier to say, as many people do, that that is just what happens when one is disabled.

We are not willing to put up with that any more. That is what has changed. When discrimination occurs, it is more likely to be challenged. That is a good thing. As I said with reference to transport providers, unless people are prepared to complain, service providers do not know that further down the line there is a problem in the way that their work force are behaving towards disabled people. There is now a greater tendency to complain.

Often when I have been out socially or in the course of my work and a blatant case of discrimination has occurred, I have had a sinking feeling and thought, "Oh no, not again. I'll have to write rude letters yet again." That happened to me recently. On Easter Monday I attempted to go to the cinema in London. I did not realise that that was such a foolhardy expedition. I did not think there would be any problems, but I tried three different cinemas to see three different films in the course of one afternoon in the west end of London, and I failed to gain access to any of them. That is a real condemnation.

I can name the cinemas. At Cineworld in Shaftesbury avenue the lift was out of action, so despite the fact that it took me three quarters of an hour to get to the box office, which was a complicated route in itself, and no one had told me on the way that the lift was out of action, we had to turn round and come back. I could not get to any of the screens at that cinema. The next one was the Odeon West End, where the main screen is accessible, but not the screen where the film that I wanted to see was being shown. A number of screens at that cinema are inaccessible. At the Odeon Leicester Square, only one of the screens was accessible, not the second screen.

If I had wanted to see Ant and Dec in their new movie, I might have been able to go. Unfortunately, that is not my taste in film. Of the more cerebral films that I might have wanted to see, none was accessible. The original film that I set out to see was showing at another Odeon, in Covent Garden, but the Odeon Leicester Square could not guarantee that it was showing on a screen that was accessible at the Odeon Covent Garden.

I tell that story to illustrate how difficult it must be for visitors in London, and also because it came as an incredible shock to me. I have not been refused access to a cinema for almost 20 years. I remember when I was told that I could not come into a cinema because I was a fire hazard, but that was 25 years ago. I always thought that was a dreadful thing to say. Here was I, a non-smoker, regarded as a fire hazard, whereas the drunk man who was smoking next to me—remember, smoking was allowed in cinemas in those days, although it is allowed nowhere in Scotland now—was not considered a fire hazard. The injustice was appalling. Rightly, we do not allow that to happen any more.

I was shocked to find that the cinemas in London have got round the DDA by saying that because at least one of their screens is accessible, they have made reasonable adjustments. The excuse was that it was an old building and they had tried very hard. The cinemas in Aberdeen have been accessible for a long time and I have not faced that problem. My expectation nowadays is that I will go out to the cinema at the drop of a hat to see a film of my choice, without major forward planning. When I was unable to do that on Easter Monday, it came as a shock and a disappointment to me. It is one thing to have the legislation in place, and another to make sure that it works.

[Miss Anne Begg]

Things have changed. I welcome the Prime Minister's strategy unit report, "Improving the Life Chances of Disabled People". I welcome it because it will make things better for individuals and their chances to lead fulfilling lives, which is at the heart of today's debate. It has been announced recently that some schools are giving happiness lessons, and here the Government have a chance to make many people happy. Disabled people do not have outrageous expectations or ambitions; they just want to get on with their lives and enjoy them, with the minimum of hassle and barriers.

If anyone wants a good night out, I would recommend going out with a group of disabled people. We often have a good laugh, even when we are being refused entry to a place. The truth is that if we did not laugh at some of the things that happen to us, we would end up crying. Disabled people are good fun in general—I realise that I am making a huge generalisation—and they have adapted to some of the worst excesses, which people who are not disabled would find appalling, and would be outraged if they happened to them.

Yes, this is all about individuals and opportunities, but it is also important to the Government's ambition to end child poverty and reduce poverty more widely. There is no doubt that the link between poverty and disability is clearer and starker now than ever. The Government have been successful in alleviating pensioner policy and in lifting almost a million children out of poverty, but an important link remains—the link to disability. We have broken the link between old age and poverty and between having a family and poverty, but the Government have not yet broken the link between disability and poverty. The most disadvantaged families will often have a member with a disability—whether it be a child, an adult or a grandparent—who requires a high level of care. If we can improve the opportunities and life chances of disabled people, we can not only lift those individuals out of a cycle of poverty, but empower their families as well. At some stage we might be able to release those families from the burden of caring, which often inflicts poverty on family members as well as the disabled person.

From my perspective, it sometimes seems difficult to speak about areas of disability because I am not really a typical disabled person. There is a danger of our ending up with two classes of disabled people. It is a horrible phrase, but there is a group of "high-functioning" disabled people—people, even with profound disabilities, who hold down permanent full-time and sometimes high-powered jobs. Last year two disabled people sought my advice on how to become an MP—obviously they think that I have the magic touch, but I am not so sure myself. The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) may want to ensure that I do not remain an MP for much longer!

The two people who sought my advice had profound disabilities. One was a young woman unable to move any part of her body, yet she works for the BBC; the other was a young man who can move only his head, yet he is a full-time barrister operating in court. People with profound disabilities thus have aspirations to become MPs, and are already in highly paid and highly skilled work. My right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett) could be mentioned as falling into this category, as could Tanni Grey-Thompson and other elite athletes, such as those who took part in the London marathon recently, or in the Paralympics or the Commonwealth games.

The danger of producing a disabled elite who are doing very well is that people sometimes say, "If they can do it, what's holding anyone else back?". The sort of life that that elite leads is different from the life of most disabled people, just as the life of an average MP is different from that of a single parent living in a sink estate in our constituencies. There is a big difference between what some disabled people can do and what others can do. However, that illustrates the fact that when people are given the right opportunities, the right education and the right help, the world can be everyone's oyster. It is possible to achieve—even in a society where some negative attitudes towards disability remain, where 63 per cent. of employers would not consider employing someone with a mental health problem, and where 75 per cent. of blind people are not in work. Even in such a society, disabled people can compete and achieve against the able-bodied, or anyone else.

The reality for the majority of disabled people, however, is the key issue that we should address today—and it is that reality that the strategy unit report addresses. The problems and barriers faced by disabled people are often not the result of one Department: the problems are cross-departmental and relate to a variety of issues. It is often the silo mentality of local as well as central government that acts as a major barrier to disabled people getting the holistic help that they need to lift themselves out of poverty or other difficulties.

It is interesting to note that the strategy unit report is a joint report between the Department for Work and Pensions, the Department of Health, the Department for Education and Skills and the Office of the Deputy Prime Minister—and I would like to add the Scottish and Welsh Executives to that list, because housing and health issues are the responsibility of the devolved Administrations, not just of the central Government here in Whitehall. Unless we get the different Departments working together to remove the barriers, the life chances of disabled people will continue to be disadvantaged, when it is just too much of an effort to access the help required.

I have a word of warning—but I am just as guilty as anyone else. When I first got involved in the disability debate and argued in favour of civil rights for disabled people, I recall that the whole issue was viewed as a matter for the Department of Health. It was seen as a health issue, and only a health issue. That provides another example of how attitudes have changed, as we realise today that it is not just a health matter; it is about social mobility, transport, housing and a range of other issues.

The danger today, however, is that we end up concentrating only on the world of work. As I said, I am just as guilty as others of thinking that work will solve all the ills of disabled people. Of course it will not—the problem is much more complex than that—but work can go a long way to help, particularly those who are able to work. Yet another example of how attitudes have changed is the fact that when I first entered the

House in 1997 and expressed the view that I had held for the previous 20 years—that disabled people should be given the chance to work and that that was a good thing—I received a deluge of letters saying, "That is disgraceful. It is all right for you, but how dare you force disabled people into work?" I viewed work as providing opportunities, but encountered the attitude that we should not be bothering those poor wee things. I am pleased to say that, on the launch of the Government's Green Paper on welfare reform, that has not been the attitude to the proposals this time round. That was the attitude until very recently, although not necessarily that of disabled people themselves. Some people used to believe that it was outrageous for people who were already disadvantaged to be given help to get over it.

I have already mentioned the Green Paper and I would like to discuss my hopes for it in more detail, but I am somewhat constrained because I sit on the Select Committee for Work and Pensions, and our report on the same issue is embargoed until midnight tomorrow. I am frightened of inadvertently giving away what is in that report and I do not want to fall foul of the House in that regard. I am sorry that I cannot say more about that matter.

Moving on from my hobby horse of the importance of work, I want to discuss some of the other areas in which we must get things right. If we hope that someone will either remain in work or get another job after a major health episode, we must get the health service right. Although waiting three months for a hip operation—unfortunately, the wait is six months in Scotland—is much better than waiting 12 months or 18 months, as happened in the past, it is still too long if someone has lost their job when a new hip would have allowed them to maintain their position in the workplace. The same is true of people who could remain in the workplace if they received physiotherapy, because some of them have to wait three months to obtain an assessment of their bad back from a physiotherapist. Unless we get health services and social care services right, the Government's aspiration to help people to remain in work may count for very little.

Danny Alexander: The hon. Lady has made an important point about health services. In pathways to work pilot areas, the condition management programme provides the sort of help that she has described for people who are already on incapacity benefit. I would like to see that speedy approach to helping people deal with their condition through the condition management programme extended to people who are in work and need help to stay in work. Will she support that proposal?

Miss Begg: I absolutely support that proposal. A mental health charity in my constituency, Momentum, has managed to obtain European social fund money to employ two specialist nurses, who go into GP surgeries and work with employees and employers to see what reasonable adjustments can be made before employees fall out of work. Very often, physical adjustments are not required, and it is a matter of talking to an employer because an individual is embarrassed to admit that they have a mental health problem, because they are frightened that their employer will automatically sack them. Working with individuals in health centres and in the workplace helps the overall situation. Momentum has got funding for next year, but it is looking for long-term funding, so I may write to the Minister and invite her to examine such projects. Such funding may not come from central Government, because it may already exist in the system and just need repackaging to go to such a worthwhile cause. Perhaps the Government should examine whether companies that can afford to pay for it should provide the same service for their employees, which would provide a funding stream for those whose employers do not have social or medical insurance. We are lucky in Aberdeen, because a number of large oil companies already provide medical insurance for their employees, which is one stream of funding that could be pulled down.

Social care is the responsibility of local government, and sometimes the easiest, simplest and cheapest options are not considered. For example, people who continue to live in their own homes face the problem of finding an accessible shower or bath. In some areas, the worst case scenario is that it will take six months before an occupational therapist turns up to assess the requirement for a flat shower area, when all that person needs is a £12.99 bath board from Argos. Sometimes the solution suggested by an occupational therapist costs £3,000, not including the £200 cost to the local authority of the home visit. Argos also sell a nice shower chair for £29.99—I know about those things, because I have just bought a new house that has not been adapted, and those purchases will work in the short term, until I can get the builders in.

That returns me to my point about the elite group of disabled people. I am lucky, because I have a job with a good income, so I do not have to wait for local government to come up with a grant, which may not meet the cost of a particular product. I can go out to source and pay for products myself, which means that I have a choice. That saves the state money, because it does not have to pay for those products, and it also saves time and effort. We should allow people to access a wider range of goods.

The hon. Member for Inverness, Nairn, Badenoch and Strathspey—that must be the longest constituency name in the world—has pointed out that disabled people fall prey to salesman who provide fancy beds and other products at hugely inflated prices and use the hard sell technique. Such equipment costs an arm and a leg, but it does not serve disabled people very well.

Not only do we need enough specialist housing for those with profound disabilities, but we also need a register of those houses that have been adapted. Housing is probably the biggest barrier to people living independently. The creation of a disability housing register has been proposed, and I know that my local authority is examining the possibility of building a database of such houses.

Education is also important, and the Minister has discussed moving from childhood to adulthood. Disabled people often receive a lot of support at school, but once they leave school, that support seems to disappear. I pay tribute to an initiative in Aberdeen, "Moving on", which works with young people while they are at school and supports them when they move to college, university or into a job. People need specialist help to cross that divide.

[Miss Begg]

I have talked for long enough, because other hon. Members want to contribute, but I could have said so much more. However, I shall bring one Disability Rights Commission recommendation to the House's attention: the DRC has recommended that the Minister with responsibility for disabled people should be a Minister of State, and I hope to congratulate my hon. Friend the Minister on her promotion in the future.

2.38 pm

Mr. Andrew Robathan (Blaby) (Con): It is a pleasure to follow the hon. Member for Aberdeen, South (Miss Begg). We disagree profoundly about a great many issues. Nevertheless, with her descriptions of her personal experiences, she brought to the debate a real flavour of what it is like to encounter some of the problems that disabled people face. She also brought it somewhat down to earth after some rather high-falutin' policy statements—I am not pointing at the Minister, but she is looking guilty—by talking about what life is really like for somebody who is disabled.

I currently experiencing, in a very minor way, what it is like to be marginally and temporarily disabled. The more observant Labour Members may have spotted that I am using a crutch. It is a self-inflicted wound in that I applied for a hip operation. I have experienced, albeit in a small way, people's attitudes towards disabled people. They do not know that I am on crutches only temporarily and that I shall, I hope, be throwing them away by October.

I am sorry that the Minister decided to be partisan on this issue, because there is a difference only of emphasis between what all parties in this House want for disabled people and how we wish to help them. This Government have done much good for disabled people, as did the last Conservative Government. The hon. Member for Aberdeen, South mentioned that she had not been refused entry into a cinema for 20 years. That must have been in 1986, when those wicked Tories were in power, so changes were taking place under them as well. We are all going on this journey, and we must continue it to ensure that disabled people do not have the disadvantages that the hon. Lady described. I think that we are all united in wishing to assist those less fortunate than ourselves. Personally, I think that we have a moral duty to assist all our fellow men, particularly those who are unfortunate enough to be disabled in some way or other. That means that we must get rid of discrimination and give everybody equal opportunities, in so far as we can. That is now happening, and I applaud the Government for that, as I applaud the last Conservative Government.

I want to speak briefly about two matters: first, the importance of attitudes and proportionality towards disabled people in the UK—I noticed that much was made of attitudes in the Government's report—and then about those affected by disability in the developing world, where we truly see how disability and poverty go hand in hand.

The report states:

"According to some definitions there are currently 11 million disabled adults . . . in the UK, equivalent to 24 per cent. of the adult population".

To be fair, it goes on to explain the different forms—heterogeneity is the word that it uses—of disability. Nevertheless, that assertion, by overstating the case, diminishes the case for assisting disabled people. Of course, if one has depression, diabetes or back pain, that is a serious matter, but to describe everybody who has such an ailment as disabled, or to say that 24 per cent. of the adult population is disabled, would raise eyebrows in most places in this country.

Mrs. McGuire: Is the hon. Gentleman seriously saying that a condition such as diabetes, which can result in death in the event of complications, is not a disability?

Mr. Robathan: The hon. Lady is putting the wrong words into my mouth. I said that there are great differences. The needs of people in wheelchairs or on crutches, or who are blind, are hugely different from those of people who have diabetes and can live a completely normal life. I am well aware that diabetes, if untreated, can lead to severe disability, blindness and all sorts of other things.

Mrs. McGuire: Is the hon. Gentleman therefore surprised to hear that a woman who had diabetes was recently sacked from her job on the grounds that she might have fainted on the shop floor? She won a case against the company that sacked her because of its ignorance about her condition.

Mr. Robathan: I am pleased that she won her case, but that rather proves my point. There are many different conditions and needs. Most people with diabetes are able to lead their lives normally, through the treatment of insulin, without the access and mobility needs of people in wheelchairs. If one said to most people outside this place that 24 per cent. of the British adult population is disabled, they would say, "I'm not quite sure that I agree with you." Nevertheless, I am delighted that the Minister was listening to me.

Leading on from that, I should like to discuss proportionality, which sometimes gives legislation in favour of trying to assist disabled people a bad name. I want to highlight two examples. The first is public transport. What is its purpose? In London, it is for the mass transit around the city of as many people as possible, as quickly as possible. It is difficult, though not impossible, to use buses when in a wheelchair—I am sure that the hon. Member for Aberdeen, South will bear me out. I suspect that it is not an attractive option in any case.

In my constituency, we have community buses—indeed, I have driven one—that assist people who are in wheelchairs and take them from door to door. One could describe them as taxis, which the community funds. I believe that it costs £1 a time. In London, the Routemaster bus, which is probably one of the best designs in the country and is much loved by everybody, has been scrapped. The Minister shakes her head, but it has been scrapped.

Mrs. McGuire: Yes, and I am glad.

Mr. Robathan: Not many people outside the House are glad.

Miss Begg: Every wheelchair user, every person with a fixed hip or who has difficulty in bending and every person who has difficulty getting upstairs in London is glad that the Routemaster has gone.

Mr. Robathan: I am surprised that the hon. Lady believes that she can speak for everybody because no one can do that. How many people who are in wheelchairs use buses in London? Would not it be much better to provide them with taxis that can take them from door to door?

Mrs. McGuire: With the greatest respect, the hon. Gentleman is stuck in a mindset that ghettoises disabled people. I believed that there was a general consensus in the House about the need to examine the barriers that stop disabled people taking a full and active part in their community. Although there is role for the community bus that he mentioned, many people who, as my hon. Friend the Member for Aberdeen, South (Miss Begg) said, have mobility problems but are not necessarily wheelchair users and come to work in central London, welcomed the demise of the Routemaster. If the hon. Gentleman tries to get on a bus in his current condition, which he highlighted, he will find the existing buses far more attractive for meeting his needs than the Routemaster could ever be.

Mr. Robathan: The Minister makes my point for me. If we want joined-up government, public transport policy in London must include disabled people but is about more than that. It covers, for example, congestion and ease of getting on and off for the majority of people, who are not disabled, including those with diabetes. It is important to realise that rather than simply saying that we must continue to ensure that, for example, we get rid of Routemaster buses. Many people, including Ken Livingstone at one stage, backed the Routemaster bus because it was such an excellent way of swiftly transporting large numbers of people around cities.

I appreciate that the hon. Member for Aberdeen, South is not from London but I am sure that she reads the London newspapers. She will then know that many people in London dislike bendy buses enormously and do not travel on them because they do not have sufficient seats.

Roger Berry (Kingswood) (Lab): Does the hon. Gentleman believe that public transport should be made more accessible to disabled people? Is it a good thing or, as he appears to imply, a trivial matter?

Mr. Robathan: No, it is not a trivial matter and I am not implying that. Of course, it is a good thing to make public transport more accessible. That is not in doubt. The question is whether it was sensible to push out the Routemaster bus and I suggest that it was not. I am talking about holistic, joined-up government.

Roger Berry: Cliché, cliché.

Mr. Robathan: The hon. Gentleman speaks in clichés, so he should know. I am glad that I have stirred up Labour Members—they needed a bit of stirring up.

Let me consider my second example. I used to be a councillor in Hammersmith and Fulham. I do not know whether any hon. Member who is present knows Hammersmith town hall, but it was built in the 1930s on the main A4. The front entrance was therefore on that road. When the A4 became a six-lane highway, the front entrance was moved to the back. Cleverly, there was a lift installed at the original back entrance in the 1930s so that disabled people could go up and down every floor. When the entrance was moved to the back, people were faced with an appalling number of steps at the front entrance. In about 1990, the council decided to build a ramp that ran for about 100 yd alongside the steps to provide wheelchair access to the foyer. It cost about £100,000. However, as soon as the wheelchair users got into the foyer, they were immediately faced with steps, so they could go no further. But if they went round to the back of the building, they could take the lift to any floor and any meeting. I raised the matter with the Labour councillors there, and they said, "It's a statement." I believe that most people with mobility problems would prefer to be able to access the rooms than to live a statement.

Miss Begg: I would not wish examples of bad adaptations to be used as an excuse not to make buildings wheelchair accessible. I commend to the hon. Gentleman the publications produced by English Heritage that show some of the really imaginative ways in which buildings have been made not only wheelchair friendly but people friendly, even though they were built centuries ago.

Mr. Robathan: The hon. Lady thinks that I am disagreeing with her, but I am not. I am saying that there should be proportionality, and that we should help disabled people in the best possible way—thoughtfully and pragmatically—rather than making statements that cost a lot of money and do not help them.

I want briefly to talk about attitudes. In the past two weeks, I have learned about attitudes towards people on crutches. I have found the attitude of most people towards me to be pretty good. A man slammed the door behind me yesterday after I had scrambled into a taxi at Euston station. He was just walking past and decided to help me. That was excellent. As hon. Members might imagine, the Tea Room staff here could not be more helpful with carrying things for me. Occasionally, however, I have met people such as the minicab driver who tried to pick a fight with me when I was leaving the hospital. I would have thought that people who were on crutches or in a wheelchair were pretty safe from people trying to pick a fight with them for no reason at all, but apparently not. However, that is another matter, and it is one that I subsequently discussed with the police.

People's attitudes are important. I was appalled to hear the story related by the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) about someone being refused access to a bus. In 1991, I trained as a bus driver. I was not very good at it. Indeed, I had to become an MP instead. I hit a trader's barrow in the street market in North End road, actually. However, my point is that, when I was training to be a bus driver, the Disabled Persons Transport Advisory Committee—DPTAC—already existed. I was shown films about access to buses—the Minister will remember that this was under the wicked Tories in 1991—and about the colour coding of handles and steps. I was amazed to discover that, some 15 years later, bus drivers

[Mr. Robathan]

are not so well trained and that they now refuse access to disabled people. Of course that should not be happening, and I am astonished that it did. Disabled people do not want warm words and statements; they want genuine assistance, so that they can lead their lives independently, as far as possible. I can understand that.

I want to talk about people in the developing world who are affected by disability. When we see people in the developing world who have very little, and who are also disabled because of disease, for example, we realise how poverty strikes the disabled the worst. Until last week, I was chairman of the Halo Trust, a charitable trust that clears landmines around the world. Indeed, it is the biggest mine clearance agency in the world. When clearing the landmines, we also see the disabling effects that landmines can have, especially when they blow off people's lower limbs.

People ask why we do not just leave the mines where they are. I know only a little about this, but I have seen villages in Cambodia in which anti-personnel mines have been laid underneath houses that people are still living in. The people must follow a particular path to get out of their houses, because if they stray from it, they will get their legs blown off. That helped me to understand how the mines impact on people's lives. But poor people who live in squalor in the developing world have to go out to tend their cattle and to hoe the ground. And they are subject to the most awful impact that disability can have. In the streets of Maputo, Phnom Penh in Cambodia or wherever, we can see what effect disability—brought on early, particularly by land mines—has on young people. They are then reduced to poverty and cannot raise themselves out of it. Their life chances are very slim.

Hon. Members might not know that 1 million people have been killed or maimed by anti-personnel mines in recent years or that 26,000 people a year become victims, which is 70 a day. Of course, such mines do not just injure or kill an individual; they create long-term costs to communities, and the most immediate problem is medical costs, which people often cannot bear.

I said that I would be brief, and I am glad that I have stirred up Members on the other side of the House. I wanted to check that they were listening and not going to sleep. Before moving on, I pay tribute to the Department for International Development, which has been extremely good in funding not only land mine clearance, but the victims of land mines—the disabled in the developing world. I suggest that, there, small investment pays huge dividends in a way that it does not here.

In conclusion, we should all care, and I hope we do, but we should not treat disabled people as in some way inferior beings. We should give them every opportunity to live their lives to the full. However, we should be not just offering warm words, but taking effective and concrete action in our policy development. The Government are doing much that is good here, but statements are not always enough. We need positive action that is pragmatic and helpful.

2.56 pm

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): It is always a pleasure to follow the hon. Member for Blaby (Mr. Robathan), whose remarks towards the end of his speech were particularly telling, especially from someone whom we know has a long record of being involved in international development. I am sure that we all wish him a speedy recovery as well.

This has been an interesting debate, opened robustly, as one would expect, by my hon. Friend the Minister. She is doing a first-class job, and is right to contrast our approach to disability, say, 10 years ago with the much greater urgency that we now see in the Chamber day by day. Under her stewardship, that is all the more clear and all the more profound. I am pleased to give her my support in today's extremely important debate.

I also welcome the hon. Member for South-West Surrey (Mr. Hunt) to his duties. During the period to which I am referring, I was the shadow Cabinet spokesperson on disability, working with the right hon. Member for Richmond, Yorks (Mr. Hague). I welcomed then, as I do now, the Disability Discrimination Act 1995, which was an important step forward. Because of the hon. Gentleman's style, I do not want to be particularly controversial, but I take the view that his right hon. Friend probably feels, on reflection, that the DDA would have been even better if he had accepted our proposal to introduce the Disability Rights Commission. With me, he will regret that we merely got within 13 votes of achieving that. In that spirit, I welcome the hon. Gentleman to this wonderful portfolio. I am sure that he will find great fulfilment in it.

When I initiated a debate just three years ago this month during the European year of disabled people, the Government's document, "Valuing People", was the main focus of our discussion. I realise that, today, the publication of the welfare reform Green Paper, "A New Deal for Welfare: Empowering People to Work", is the backdrop to our debate. That is inevitable.

I want to touch on a few issues, some of which have been dealt with, but primarily I shall discuss employment and then disabled children. As the House might be aware, I co-chair with Lord Rix the all-party group on learning disability. Not surprisingly, I want to deal with some of the issues that that group has discussed. There is considerable concern, as has been expressed today on both sides of the House, about employment. That concern makes sense: among people with learning disabilities, there is 90 per cent. unemployment. Even the 10 per cent. who are employed are mostly in part-time jobs. Seventy-nine per cent. of people with mental health problems also experience unemployment. Indeed, the employment rates for those two groups is less than half the overall rate for disabled people, which is itself less than satisfactory, as we have heard today.

Mr. Burns: Does the right hon. Gentleman agree that great strides have been made in recent years to deal with the problems faced by people who suffer from disabilities? Does he also agree that, apart from continuing that work, the greatest challenge that we now face is to break down the stigma and prejudice against those suffering from mental illness, given that 20 per cent. of people in this country will at some time in their lives suffer a form of mental illness?

Mr. Clarke: I hope to touch on that important issue later, and I agree with the hon. Gentleman. I look forward to hearing the speech of my hon. Friend the Member for Kingswood (Roger Berry), who has made a remarkable contribution on these issues. I am sure that he, too, would agree that it is an important matter.

On employment, particularly with respect to those with learning disabilities, I am afraid that it must be recorded that we have not seen the improvement in the past three or four years for which we would have wished. We keep pushing for that, however, and rightly so. The situation is not helped by the fact that disabled people are twice as likely as non-disabled people to have no qualifications.

Mr. Boswell: Before the right hon. Gentleman leaves the question of the numbers of people with learning disabilities taking up employment, does he reflect on the fact that that rather poor performance is at a time when the Government claim credit for high levels of employment in the labour market? Is not the growing mismatch between people without disabilities who can apparently pick up a job easily, and people with learning disabilities who find it proportionately ever more difficult, especially worrying?

Mr. Clarke: It is not like the hon. Gentleman to make what appears to be a party political point, and if he does not mind, I shall resist the temptation to respond. If I may, I shall simply refer him to the speech that I made during the Budget debate on the Government's record on employment generally.

On the issue of disabled people—particularly those with learning disabilities—seeking employment, RADAR, like so many other disability organisations, has done a magnificent job. It has used the slogan that disability does not mean and should not mean "cannot work". It is right. It explains its view by saying that there are other factors besides a person's disability. Two people with the same condition may be in or out of work based on their own ability to manage their impairment, and based on the accessibility of their working environment and support provided to overcome barriers.

Whatever we might think about the proposals in the Green Paper, to which, on the whole, disability organisations have responded positively, our policies simply must take into account the obstacles that disabled people face in taking up employment; provide a fair, objective basis for establishing eligibility for the reformed disability benefit; and ensure that absolutely no one is labelled unemployable.

I believe that the Government should continue to focus their resources on those who face the most significant barriers to employment. The truth is that the targets set for Government programmes may not always encourage providers to work with people with learning disabilities, who may need more time and support to secure jobs. That is why the RADAR/Remploy task force—RADAR is the Royal Association for Disability and Rehabilitation—which was set up last August to find new solutions to the problems, has already drawn clear conclusions. I congratulate it on its work.

The task force points out that individual support needs should be recognised in non-stigmatising ways, a point made a few moments ago by the hon. Member for West Chelmsford (Mr. Burns). It also observes that work placements seem to work better than training courses, compensating for an individual's lack of confidence and inappropriate interview techniques. It is important to recognise the special needs of people with learning disabilities.

A significant number of people with moderate to severe learning disabilities need to be helped both into and in work. If they are to gain mainstream employment, tailored ongoing support must be available. According to anecdotal evidence, people with learning disabilities are not being helped by pathways to work to the extent that the Government would wish, owing to the emphasis on condition management and rehabilitation in the system. That emphasis is not appropriate or relevant to the support needs of people with learning disabilities, or other disabled people whose condition is lifelong. Specialist incapacity benefit advisers must have experience of learning disabilities: that is profoundly important in the context of the Green Paper. Niche providers such as Mencap do not have nationwide coverage, so it is crucial for Jobcentre Plus to provide the programmes and support that are appropriate to people with learning disabilities, rather than relying on external agencies.

I entirely accept that no Government can solve all those problems. We can create the climate, and I believe that this Government are doing exactly that, but employers have responsibilities as well. To be fair, there are examples of best practice among some small and large employers. More work must also be done to make the business case for employing disabled people, and employers who have seen the benefits of employing them are best placed to lead that work. The Employers Forum on Disability has done a first-class job, as has the Scottish Federation of Small Businesses. When I had an opportunity to examine the American experience, it seemed to me that American employers were the people who were explaining to the world how important it is—not just to jobs, and not just to disabled people—for society to accept its responsibilities to others, and to accept that the fact that a person is disabled does not justify the automatic discrimination that has existed in the past.

More could be done to ensure that disabled people can retain their current jobs when acquiring and/or managing impairments and fluctuating conditions. When people experience temporary setbacks after several years of managing conditions such as epilepsy or depression, that should not cost them their jobs or, indeed, promotion.

I note that the joint working group report of the Department for Work and Pensions and the Department of Health, on employment for people with learning disabilities, has not yet been published. Perhaps my hon. Friend the Minister will tell us, when she winds up, when it is expected. She will be aware that although I accept the main thrust of the Green Paper, I continue to urge the need for the utmost sensitivity. The spirit of such an approach was impressively put by RADAR in its response to the Green Paper:

"Many disabled people have felt threatened by the Government's plans to impose sanctions on those who do not participate in work-focused interviews. The non-attendance rate for work-focused interviews amongst those currently involved in the Pathways to Work programme is less than 2 per cent. Given this low figure, RADAR sees no reason to place an emphasis on sanctions in the new system. To do so would mislead people into thinking that the driver behind the reforms is the reduction of the number of claimants, rather than helping more disabled people into work. Disabled people want to work, and if these reforms are successful then there should be no need to sanction people for non-participation in activities that will assist them back into the workforce."

[Mr. Clarke]

The DRC offered its views—it was not alone in doing so—on the Office for Disability Issues in its briefing for this debate. It said:

"The Life Chances report established the Office for Disability Issues ... to act as a co-ordinating body for disability policy across government. It reports to the Minister for Disabled People and must produce an annual report for the Prime Minister on the progress towards achieving equality for disabled people. The DRC supports this and the high level political recognition that it gives towards achieving equality for disabled people."

I also agree wholeheartedly with its view that the ODI

"also needs to ensure strong links with the Commission for Equality and Human Rights ... to ensure that disability is addressed in a concerted way as an issue of equality and human rights."

In turning to children with disabilities, I want to pay tribute to my hon. Friend the Member for Normanton (Ed Balls), who recently introduced a ten-minute Bill entitled the Disabled Children's Assessment and Services Bill. It is supported by Contact a Family, the Council for Disabled Children, Mencap and the Special Educational Consortium, which have been working together for several years to raise awareness of the issues that the Bill addresses, and to press for change.

The reason for the Bill's introduction is the lack of entitlement to services on the part of disabled children and their families. It would give disabled children the right to local authority assessment and to receive services such as short breaks, respite care and accommodation. It would also help to deliver on the Government's commendable May 2005 manifesto commitment, which states:

"We will also ensure that services are designed to meet the additional needs of disabled children and their families".

I am delighted that the Bill is receiving all-party support.

The Bill's relevance is that some 770,000 children in the UK—7 per cent.—are disabled. Since 1975, there has been a 62 per cent. increase in the numbers of disabled children. That is due largely to medical advances, especially in the perinatal setting, that fortunately mean that more children survive. It costs three times as much to bring up a disabled child as it does to raise one who is not disabled. To their great credit, the Government have taken a huge number of children out of poverty, but 55 per cent. of disabled children's families still live in poverty.

As the DRC has reminded us, 84 per cent. of mothers of disabled children do not work, compared with 39 per cent. of mothers of non-disabled children. It has also said that two thirds of families in which neither parent works include at least one disabled parent.

I know that the Government want to resolve those problems. The Bill presented by my hon. Friend the Member for Normanton would make it clear in law for the first time that local authorities must assess disabled children and provide a range of services, such as short breaks and respite care, where they are deemed to be necessary. It would also encourage parents to ask for assessments, and for the services and support that they so desperately need. I welcome the proposals to encourage local authorities to think creatively about how to meet disabled children's needs, and the requirement that NHS bodies should work co-operatively with local authorities to promote the health and welfare of disabled children in England and Wales.

My hon. Friend the Minister may think that I am overlooking Scotland. However, I assure her that I have put down an oral question on that very issue, for answer by the Secretary of State for Scotland next Tuesday.

On the wider matter of children with disabilities, organisations of and for disabled people have argued consistently that adequate family support is crucial to improving the life chances of people with learning disabilities. They welcome the scrapping of the means test for the disabled facilities grant, which means that more families are able to make the vital adjustments to their homes that make it possible to provide appropriate care for disabled family members. However, other bodies, such as Mencap, want the limit for the grant to be increased from £25,000 to £50,000, in line with the recommendations of the review commissioned by the Government.

Again and again, hon. Members are reminded at our surgeries that a few alterations—such as a walk-in shower, a ramp or better access to a bedroom—would make a world of difference to the quality of so many people's lives. That underlines how even the limited resources available to local councils can genuinely improve our approach to community care.

The House would be surprised if I were to complete a speech on disability without referring to advocacy. Advocacy was at the heart of the Disabled Persons Act 1986, which I managed to steer through the House, and is especially urgent in respect of the needs of disabled children. The Children's Society has said:

"Very few disabled children and young people currently have access to an advocacy service. Local authorities are only required to provide advocacy for children and young people making a complaint under the Children Act 1989. In practice, the majority of disabled children and young people placed away from home are not aware that they have the right to complain."

It points out too that recent research shows that

"only 5 per cent. of advocacy services targeted disabled children and young people".

That figure is clearly far too low, and much more needs to be done if disabled children are to experience the fulfilment that I know that the House wants them to have. However, I am sure that we all very much welcome the decision by the Department for Education and Skills to provide funding, with the aim of promoting advocacy, to the Children's Society's disability advocacy project, and that we all wish that project well.

I congratulate the Government on making that funding available, on their many other achievements in respect of disability rights, and on today's debate. As colleagues have often said, it may not be possible to add years to the lives of disabled people, but we have a chance to add life to their years.

3.19 pm

Mr. Simon Burns (West Chelmsford) (Con): It is a pleasure to follow the right hon. Member for Coatbridge, Chryston and Bellshill (Mr. Clarke). In her opening speech the Minister paid tribute to Alf Morris, to whom the House owes a debt of gratitude. To paraphrase the late Iain Macleod, a debate on disabilities without the contribution or presence of the

right hon. Member for Coatbridge, Chryston and Bellshill would be a bit like a production of "Hamlet" without the gravediggers. *[Laughter.]*

Mr. Robathan: Was that a compliment?

Mr. Burns: It was.

The Government document on improving and enhancing the life quality of those suffering from disabilities ranges widely over many areas, but I should like to focus on two in particular. The first concerns education and children, albeit in a narrow and specific sense: children who suffer from dyslexia and dyspraxia. Dyspraxia, which is not as well known as dyslexia, is a neurological condition that causes children to suffer from varying degrees of short-term memory loss or concentration. It is becoming far more common place among young people, partly, I suspect, because it has only relatively recently been recognised and understood as a problem.

We have known about dyslexia for far longer. I find it staggering that I have been a Member of this House for 19 years—[HON. MEMBERS: "Hear, hear."]—and that it was only after I had been here for three years that my county council recognised the existence of dyslexia. One shudders to think what happened to children who previously were told that no such condition existed. Logically, no help was provided to assist them and to minimise their learning difficulties.

Great improvements have been made over the past 15 years, but there is still a problem with statementing children and thereby recognising the problems that they are having with dyslexia. The problem is even more acute with dyspraxia and identifying the assistance that children need to secure the same opportunity to a full education as any other child. Such children need to be assisted with extra lessons and help from special needs teachers. When they are statemented, which sometimes can be a long and time-consuming process, the problem is ensuring that they receive enough time and help from the teaching assistants and specialist teachers who are best qualified to assist them.

Dyspraxia remains less well understood and less well known. The help necessary is more complex, which in itself is a problem. Is it in the best interests of children with dyspraxia to remain in mainstream schools or to be educated in special educational schools that are devoted, conditioned and organised to give direct help? I believe that the latter is better. One cannot generalise because each child must be judged on his or her individual merits, but it is most unfair on children to be kept in a mainstream school if they cannot cope.

I know a little boy who suffers from dyslexia and dyspraxia. He started his educational life aged five in a mainstream school. It was two years before anyone, including his parents, realised that he suffered from dyslexia and dyspraxia. For those who do not fully understand some of the manifestations of dyspraxia, a five, six or seven-year-old boy with a short-term memory will not necessarily remember what he is being told. If parents ask that child something, particularly a multiple-choice request such as "Go upstairs, put your pyjamas on, put your slippers in the bathroom and bring the towel downstairs," half an hour later when they go upstairs they find the little boy playing with his toys in his bedroom. Their immediate reaction is that he is misbehaving and being naughty, that he does not want to do as he was told because it is more fun and more interesting to play with his toys. In fact, because he had been given more than one instruction, by the time he got to his bedroom he had completely forgotten what he had been asked, so he did what he wanted to do. If parents and school teachers do not realise that the child is suffering from that condition they think that the child is misbehaving and not doing what he is told. The child will then suffer because he will be told off.

Thus, at school, because of the lack of short-term memory, the ability to learn to read and write and to take very simple instructions from a teacher is lost; the child's concentration goes very quickly and teachers and parents feel that he is misbehaving and cannot be bothered to concentrate on his work when, through no fault of his own, his concentration has long since gone.

Ritalin is one way to assist such children; on strict medical advice, under proper supervision it is a tremendous help for some children. I know that it is a controversial drug and that there are strong views on either side of the argument, but there is evidence that it can significantly help children, particularly during the school day, to concentrate and get on with their work.

One must recognise, however, that a mainstream school may not be the best place for those children and their education. The little boy whom I knew started off in mainstream schooling, but within a year his teachers felt there was a problem because he was slow in developing his reading and writing and recommended extra lessons at the end of the school day. He had the extra lessons, which were extended to extra lessons on a Saturday, but it did not make that much difference. By the end of the next year, the school told his parents that he was dyslexic, and might be dyspraxic, and that it was not in his best interests that he remain at the school because, although he was getting extra lessons, he was not getting the help that his condition and abilities demanded but was holding back the rest of his class.

I fully support the judgment of that little boy's teachers and parents. He was taken out of mainstream school and went to a specialist school—Fairley House, just behind the Tate, down the road from here—that looks after children who suffer from dyslexia and dyspraxia. The teaching ratio in some cases is 1:1 and the school helps children tremendously.

The boy is now 14. He left mainstream schooling with a reading age three years behind his age, although one is meant to have a reading age about 18 months ahead of one's age. His reading age is now 12 months ahead of his age. His writing abilities are still 18 months behind his age—they should, of course, be ahead of it—and his writing is poor, but he has developed computer skills, which are a great help. He can concentrate and read fluently and he is beginning to contribute to his education in a way that a 14-year-old boy should. He can now be taken out of the special school and placed back in a mainstream school where there are specialist teachers to assist children among the mainstream pupils who need help with dyslexia and dyspraxia, without holding back his classmates and colleagues.

That classic example shows that one cannot have a policy that says that all children who suffer from dyslexia or dyspraxia must be in mainstream schooling

[Mr. Burns]

because that is inclusive. In theory, it might be a brilliant idea, but, in practice, it is too generalised and it is not such a brilliant idea. It can be harmful to both the individual child and other children, and the education of all of them can suffer as a result. Of course, in an ideal world, emphasis must be placed on as many children as possible, particularly with dyslexia and dyspraxia, being placed in mainstream schooling. However, in reality, either for the whole educational process or even just—

Mrs. McGuire: I just want to be clear what the hon. Gentleman is saying. I was following his arguments on dyspraxia, but is he now saying that children with dyslexia should be placed in specialist schools?

Mr. Burns: No, I am not saying that that should happen as a matter of course. Each child should be judged on his or her individual capabilities. For some children who have extreme dyslexic problems, a school that specialises in helping children with dyslexia and dyspraxia is a better option than a mainstream school. The degree of their problems means that such children suffer in a mainstream school, because they cannot get the 100 per cent. attention that they require during school hours. In a way, they also cause other pupils in their class to suffer, because they hold them back by placing a disproportionate demand on the teachers' time, at the expense of those other children. I am afraid that, in reality, that does happen.

Of course, I am not saying that a mildly dyslexic child should not be in a mainstream school, but in the case of certain degrees of dyslexia—depending on the individual child—such a school is not suitable. I want to make a plea that the idea of special needs schools should not be dismissed because people rightly want to have as inclusive a society as possible. However wonderful it sounds to be inclusive, it can be damaging, both to the individual and their peers in the classroom. There has been a view that there should be more mainstreaming of pupils, when, in practice, that is not that sensible.

I have three pleas. First, the statementing process should be far easier for parents to access. Secondly, when the statements have been completed, the analysis carried out and the recommendations made about what extra help a child should get, the help should be provided immediately—without a time lag. If one were being cynical, one could say that the longer the process of statementing, identifying needs and meeting them is strung out, the cheaper it is for the state. Thirdly, we should not over-concentrate on seeking to treat all pupils the same and insisting that they attend a mainstream school when, because they have an impact on each other's education, it is not in the best interests of individual pupils or their fellow pupils to be educated together.

The other area that I would like to discuss, which I mentioned when I intervened on the right hon. Member for Coatbridge, Chryston and Bellshill, is mental health. This Government—and other Governments, albeit using different phraseology—have sought to promote social inclusion over the past nine years, and rightly so: no one would criticise that. The Minister and other hon. Members said that great strides have been taken in dealing with the inherent problems, attitudes and practical difficulties that people with disabilities face. There is more to be done, as every hon. Member has said, but steps have been taken and improvements are being made not simply because of legislation—important though that is—but because of changes in attitudes and mindsets.

Mental health, sadly, lags dramatically behind, in what is supposed to be a civilised century. In the past, to no one's credit, the mentally ill were put out of mind by putting them out of sight. That stopped, ironically, when Enoch Powell was Minister of Health back in the early 1960s. He made great strides in seeking to integrate many people who suffered from mental illness into the community, rather than having them locked up and hidden away. That has been the policy of successive Governments of every political persuasion, but there has been a knock-on effect, which is deeply tragic and a blot on a civilised society.

Of course, many people who pose no threat whatsoever to the community live in hostels or in homes that are converted into single-bedroom units, but as soon as a building in a residential area—it may be the house next to any of us—has been allocated for conversion into single dwelling units for people who have been or are still suffering from mental illness, we see the petitions, the uproar, the rumours, the speculation about what may happen and the rather unpleasant accusation that house prices will fall as a result. I am sure that many hon. Members have probably had that distasteful experience.

What usually happens? The proposal usually goes ahead, the establishment is created and people move in. They live good, meaningful lives there, and no one in the street ever has a single problem with the people who live in that house. All the scaremongering, all the petitions and the hot air prove to be totally erroneous. That shows the great fear in society about mental illness, part of which is due to people's total ignorance. They are fearful of something, so they stigmatise and attack it.

The House, the Government and the Opposition must do more, and we must do it faster, to break down the barriers. I was the Minister responsible for mental health 10 years ago. We were talking about it and we were doing things then. Health Ministers under this Administration have talked about it and have done something about it. The trouble is that the fear and stigma are so great that it is like chipping away at Mount Everest. All I would say to the Minister is that we must do more; we must accelerate it; and we must focus on it just as people who are interested and involved more generally with disabilities have concentrated and fought for rights and improvements in society. That is what we must do more with regard to mental health.

I make no criticism of anyone or any Minister over the past nine years or the past 29 years, because they have done a lot, but we must now put the spotlight on mental health. Instead of just talking about such things, we must bring them to fruition and ensure that people suffering from mental illness enjoy a life of comparable treatment to those who suffer from flu, cancer or appendicitis, because, quite frankly, there is very little difference between them in principle; the only difference in practice is that people are sympathetic to those who suffer from cancer or flu. People want to be around them, offering help and sympathy, but as soon as someone suffers from mental illness, people do not want

to know, and hon. Members know the epitaphs and expressions that are used about those individuals. They are often so scared about what they are suffering from that they do not want anyone else to know, so that they do not get criticised or shunned as a result. That is a contradiction and an abomination, and we must do more about it.

3.40 pm

Roger Berry (Kingswood) (Lab): It is a pleasure to follow the hon. Member for West Chelmsford (Mr. Burns). I congratulate him on his comments on people with mental illness, as his views are widely shared in the House. They are important, and we should all act on them.

I very much welcome today's debate, if not the date on which it is being held. In the foreword to the life chances document, the Prime Minister says that life chances for disabled people are not a marginal issue. I very much hope that the business managers will note that comment, and act appropriately in future. I strongly support and endorse the report's strategy. Its recommendations, all of which have been accepted by the Government, are of critical importance if we are to tackle the inequalities and exclusion experienced by many disabled people. I welcome the hon. Member for South-West Surrey (Mr. Hunt) to his new post, and I am genuinely pleased that there is great consensus on disability issues across the House. However, it was a Labour Government who, after their election in 1997, set up the disability rights taskforce, established the Disability Rights Commission, introduced the Special Educational Needs and Disability Act 2001, the new deal for disabled people and so on, culminating in the Disability Discrimination Act 2005.

The Disability Discrimination Act 1995 could have made provision for a disability rights commission. Indeed, as my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) and many other Members will recall, that was precisely what some of us spent hours—nay, days—trying to persuade the then Government to do. It would have been possible for the DDA 1995 not to exclude the subject of education. The requirement not to discriminate on the grounds of disability in the provision of services could have been applied to education, but the Government decided not to introduce such a provision. Transport provisions that have since been introduced could have been introduced in the DDA 1995. That would have been perfectly possible, as such provision was not unknown. Hours were spent in the Chamber and elsewhere urging the Government of the day to do more in the DDA.

Miss Begg: I am reluctant to interrupt my hon. Friend while he is in full flow, but may I point out that while access to stations was included in the 1995 Act, in practice it is still not available?

Roger Berry: Indeed. The 1995 Act imposed a requirement on access to stations in theory, but it specifically excluded trains from any requirements whatever. The policy was, "We think that it's a good idea for disabled people to have access to railway stations, but we don't care whether they can get on the train or not." That was the nature of the debate. I believe passionately that if a Labour Government had not been elected in 1997, the DRC, the Special Educational Needs and Disability Act, and the report that we are debating today would not have been introduced. I am glad that things have moved on—I look forward to the new conservatism with excitement beyond measure—but we would not be where we are if the Government had not made progress.

I now move on to the welfare reform Green Paper, which is critical. Jobs are not everything, but jobs are probably the most effective way of enabling people to get out of poverty if they are able to secure employment. The subtitle of the Green Paper—"Empowering people to work"—shows precisely the right attitude. That is what I have always understood by welfare reform. I am pleased that that is the approach to welfare reform in the Green Paper. It must be said that that is in contrast to the approach set out in the Welfare Reform and Pensions Act 1999. I am delighted that the contrast is great.

Anyone who is in doubt about whether the Government are going in the right direction on these matters has, as always, only to read the *Daily Mail*. I read the *Daily Mail* the morning after the Green Paper was published, and there was a shock, horror headline, "Crackdown?" The article went on:

"The 2.7 million on welfare won't lose a penny!"

I thought, "That's great. That's fine." I did not expect welfare reform to be about taking money away from disabled people, so it was good news. The fact that the *Daily Mail* was irate encouraged me enormously. I must add, in all seriousness, that we then had the usual diatribe about scroungers and people living on handouts.

I am delighted that no one in the Chamber today has resurrected the sort of language that not so long ago was used about people who were being asked to survive on incapacity benefit. I am sorry for the hon. Member for South-West Surrey, who speaks from the Opposition Front Bench, but the *Daily Mail* went on to say:

"Conservatives immediately accused the Prime Minister of backing away from radical welfare reform".

I am delighted that the *Daily Mail* got it wrong. The language today is entirely different from the sort of language that was printed in the *Daily Mail*.

Mr. Hunt: Will the hon. Gentleman explain what the contradiction is between "radical welfare reform", which we on the Opposition Benches would certainly welcome, and having a better benefits structure that helps more disabled people get into work?

Roger Berry: Well, nothing. The full quote from the *Daily Mail* was:

"Conservatives immediately accused the Prime Minister of backing away from radical welfare reform in the face of a threatened rebellion from Labour MPs."

Everybody knows that the concern was whether there would be benefit cuts. That is what the tabloids had been flagging up month after month. When we were told that the Tories had attacked my right hon. Friend the Prime Minister for not doing that, that was a point of some significance.

[Roger Berry]

Let us stay with the spirit of harmony and unity in the Chamber this afternoon. Let us accept that that to which I have referred is no longer Conservative party policy. I am delighted to hear that. I am sure that in due course the details of the Opposition's view on the benefits part of welfare reform, as opposed to the pathway to work part, will be interesting to observe. I hope in all sincerity that the focus is, as it is in the Green Paper, on tackling the problem by rolling out pathways to work, on giving people opportunities to work and on removing the barriers that prevent so many disabled people from working. This is not about taking away people's benefits.

The focus of the Green Paper is absolutely right. It is not that the state provides a generous benefit to people through incapacity benefit. The problem is that many people cannot secure waged employment because of illness or disability and require assistance to do so. When my right hon. Friend the Member for Oxford, East (Mr. Smith) was Secretary of State, he introduced the pathways to work pilot, which I warmly welcomed. That was exactly the right thing to do. I am delighted that the Minister and her colleagues have been building on that policy ever since.

There are issues that need to be addressed. There is the question of the financial resources that are necessary to deliver the ambitious targets in the Green Paper. I welcome the commitment that we already have to £360 million of new money, but I agree with those who observe that if we are to achieve the target of enabling a million people on incapacity benefit to secure employment in the next 10 years, we will almost certainly require more resources than that. As the Government have rightly pointed out, if another million people secure employment the Exchequer makes a substantial saving: people in work do not receive the benefits to which they were previously entitled, and instead pay income tax and national insurance contributions. The saving that has been mentioned in previous debates is £7 billion.

Others have alluded to the fact that joined-up Government should recognise that those savings would follow from an ambitious programme and could be invested in getting people back to work. I notice that, as my hon. Friend the Member for Aberdeen, South (Miss Begg) said, the life chances report was cross-departmental. Four Departments have been involved in drafting an excellent report. Not surprisingly, the one Department whose name is not on it is the Treasury. I say that not as a criticism—I am second to none in my admiration for the Chancellor—*[Interruption.]* Somehow I do not think that my view on regime change will determine any such outcome.

On the life chances report, as on similar cross-departmental reports, we do not have the Treasury's signature. That is understandable, but I hope that my good friend the Minister and her colleagues are having talks with the Treasury about ensuring that a substantial part of the savings in welfare benefit payments that come from people going into work will be used for further investment in achieving the target of a million people off incapacity benefit and into jobs. Some people speak of Treasury rules as if those drop from the clear blue sky. The Treasury makes its own rules. The Government make the rules. There is nothing to stop money being transferred in a sensible way. Not to make that transfer would be silly.

I have argued before, and others have made the same point, that there is in the UK a powerful case for spending more on labour market programmes for disabled people, not just because, as I suggested, those programmes pay for themselves to a significant extent, but because UK spending on such programmes is quite low. It is about a fifth of the European Union average. Other EU countries are spending more on labour market programmes to support disabled people. I very much hope that we can move closer to the EU average, as we are doing, happily, in other areas.

As my final comment on the finance issue, I shall take up what has been said about the access to work programme. I agree with the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) who spoke for the Liberal Democrats: the access to work programme is probably one of the best kept secrets in Government—so secret that 75 per cent. of employers have never heard of it. To the Government's credit—the Minister will correct me if I have the figures wrong—the spending on access to work has been quadrupled under this Government. It has gone up from a miserly £15 million to £60 million a year. That is a significant improvement.

Since the Department for Work and Pensions has noted—I almost said conceded, but I will not say that—that if it spends £1 million on access to work it gets £1.7 million back, because, as I said, people do not receive benefits but pay national insurance and income tax. The decision on any scheme that enables us to spend £1 million and get £1.7 million back in three or four years is a no-brainer. In that context, the £60 million does not seem very much. Recognising the simple economics of access to work, I join the Disability Rights Commission, and just about every other disability organisation, in saying, "Please, please can we consider putting more money into access to work?"

Some of my constituents illustrate the case. I remember a teacher who became a wheelchair user after a motorcycle accident. The reason why he returned to his classroom so quickly was the support that he received from South Gloucestershire council and the access to work scheme. Money was available to help him make some basic adaptations and he was back teaching in his classroom far more quickly than he ever anticipated and far more quickly than I ever thought possible. Access to work is a very important instrument, helping disabled people to get back to work.

As always, however, there is more to the issue than finance. When people require advice on employment opportunities and strategies for getting back to work, the advice that they receive from their personal advisers is critical, so there must be enough of them and they must be of good quality. There is a very ambitious target in the welfare reform Green Paper. Speaking as someone who visits job centres and voluntary organisations that assist disabled people to get back to work, I simply point out that, as of today, we are hardly suffering from an excess number of highly skilled personal advisers who fully understand mental health issues, access issues, the labour market and so forth.

Given the likely salaries, it is not surprising if the advisers do not have the experience that is now demanded of them.

We must ensure that our ambitious programme does not run into difficulties because of an insufficient number of skilled personal advisers. In that context, voluntary organisations play a crucial part. Many voluntary organisations that provide support for disabled people have contracts from Jobcentre Plus to do the work, precisely because they have the requisite expertise. I am not necessarily suggesting that it would not be better if more people in Jobcentre Plus appreciated the issues, but the important consideration is what delivers for the individual client—the disabled person seeking a job—and many voluntary organisations possess the expertise that many Jobcentre Plus units do not have.

There is a real problem here. I visited a voluntary organisation in Bristol recently and found that the people working there were, like many others, on one-year contracts. If we are to achieve the ambitions of the Green Paper, we should try to ensure that where voluntary sector organisations have proved that they are delivering a good service and are benefiting many people by getting them back to work, the funding that we secure for them is rather better than one-year contracts. I hope that the Minister will take account of that. When I visited that voluntary organisation, I found that many of the people who had delivered for the last nine months were busy applying for jobs elsewhere, because they were unsure about funding for the next 12 months. That is not a sound basis on which to build active voluntary sector involvement in such an important sphere of activity.

Other hon. Members have observed that, sadly, a large proportion of disabled people are still living in poverty, and I should like to add to the debate. Extensive studies—particularly the Joseph Rowntree Foundation research published 18 months ago, to which the hon. Member for Daventry (Mr. Boswell) referred—have demonstrated that disability benefits are not out of control: for some reason, I am thinking of the *Daily Mail*. The benefits, which are substantially below the level that would ensure a decent standard of living, are not generous.

There is also a danger of official Government statistics understating the extent of the poverty, because there are many costs of disability that obviously do not affect non-disabled people. The most expensive is probably the cost of personal assistants, interpreters for deaf people and so forth. Disabled people incur the costs of disability and, as the Joseph Rowntree Foundation pointed out, when we take that into account, we find that the proportion of disabled people living in poverty is higher. The statistics quoted in the strategy unit report—I have checked them carefully—suggest that 27 per cent. of households with disabled people are likely to be poor, compared with 20 per cent. of households without disabled people.

The Joseph Rowntree Foundation report shows that that seriously underestimates the true extent of poverty among disabled people. If we are talking about life chances, we must bear that point in mind. As I have said, we must also consider whether the cost of heating for people whose condition requires them to keep warm should qualify them for the winter fuel allowance. The Government are not responsible for and cannot control fuel prices, but they can make the winter fuel allowance, which is welcome, and which is currently available to people over 60, available to severely disabled people—for example, those on the middle or higher rate of the disability living allowance care component or the higher rate of the mobility component, who we know must spend more on heating than others.

A few days ago, the Minister and the Secretary of State attended a meeting with the all-party group on disability, where I pointed out that there is age discrimination in disability benefits. If someone secures DLA before they are 65, the benefit continues after 65, but if someone applies for DLA aged 65 years and one day, they cannot get it. It is an injustice that people who acquire a mobility impairment after the age of 65 cannot apply for DLA, which means that they cannot obtain the DLA mobility component. Without the DLA mobility component, they cannot apply for the Motability scheme, which means that they suffer because of age discrimination.

I am aware that to remove age discrimination for DLA completely would be an expensive business, and there is no point my standing here and pretending that I do not know that. *[Interruption.]* The last figure that I saw was £3 billion, which is a lot of money. We must acknowledge in principle that age discrimination in disability benefits is wrong and that the attendance allowance that people can claim after the age of 65 is not adequate compensation. If it is not possible to correct that injustice immediately, I hope that the Government will consider moving in that direction by, for example, finding ways in which people can access Motability schemes without being in receipt of the DLA mobility component.

Like several other hon. Members, I want to comment on independent living. User-led organisations are local organisations run and controlled by disabled people, and they are vital in supporting independent living. Recommendation 4.3 in "Improving the life chances of disabled people" states:

> "By 2010, each locality (defined as that area covered by a Council with social services responsibilities) should have a user-led organisation modelled on existing CILs"—

centres for integrated living. Well, 2010 is only four years away. Will the Minister comment on that target in her winding-up speech? To my knowledge there are 35 CILs in this country, and some of them are losing local authority contracts, which is a matter for serious concern. I want to know how that recommendation will be achieved in four years' time, which will be a challenge.

I echo my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) in saying how pleased I was when the Government removed means-testing for disabled facilities grants for families with disabled children. That was a major step forward. Constituents of mine have been pushed into debt because of means-testing, or have been unable to go ahead with making adaptations. The statistics clearly indicate that a large proportion of those who apply for DFG to try to adapt their homes so that their disabled children can access facilities better do not go ahead because of the means-testing involved. I welcome that change, and thank the Government for it.

[Roger Berry]

I agree with my right hon. Friend the Member for Coatbridge, Chryston and Bellshill that the £25,000 maximum for the DFG needs to be updated. I support his suggestion that it should be increased to £50,000, as recommended in the Government-commissioned review undertaken by Bristol university. As a former employee of Bristol university, I naturally have to support its recommendations, but I generally do so in any case.

I strongly believe that the Government have an outstanding record on disability. We have seen nothing like it before, and it would not have happened had not this Government been in office. Ever since the Minister—who is, rightly, widely respected inside and outside the House—got the job, she has, with her colleagues, engaged in discussions with disability organisations and other interested parties on how to go forward. We had a year's consultation before we got to the welfare reform Green Paper. I congratulate the Minister on that. Making policy after lots of consultation is far better than doing it before consultation. The life chances strategy has been widely welcomed by all hon. Members. Now we need a speedy and effective implementation of the report's recommendations. I very much welcome the Government's clear commitment to that objective.

4.7 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is an honour to speak in this important debate. I am pleased to follow the hon. Member for Kingswood (Roger Berry), who spoke with passion, eloquence, knowledge and detail about these important issues. I found myself immediately agreeing with him on two issues, the first of which was the consensus that we are sharing across the House. I hope that the Minister will be able to pick up on that. As some of my hon. Friends noted, her opening remarks were somewhat partisan and did not do justice to the contributions that have been made since.

Mrs. McGuire: I am astonished by the defensiveness of Conservative Members. Perhaps I could scotch this now, appropriately for a Scotswoman. I was seeking to pay them a compliment by saying that they had come a long way since 1995, when, with some honourable exceptions, they showed a disregard for the way forward for disabled people.

Mr. Ellwood: I am grateful for that clarification. If we misinterpreted the Minister's remarks, apologies are due. However, I hope that in her closing remarks she will take on board the fact that there is consensus, as was eloquently stated by the hon. Member for Kingswood. *[Interruption.]* The hon. Gentleman says from a sedentary position that he is in government.

Roger Berry: I apologise for speaking from a sedentary position. I actually said: "Yes, but you have to acknowledge that you were awful in government."

Mr. Ellwood: The hon. Gentleman will not be astonished to learn that I do not agree with those remarks. I was about to pay him further compliments on his speech but I do not know whether I should curtail them now.

There is consensus across the board. I fundamentally agreed with the hon. Gentleman about the date that has been selected for the debate. Our previous debate took place on 10 June 2004, when the European elections were held. Today happens to be the date of the local elections. The single Liberal Democrat smiles. It is a shame that not one other member of the Liberal Democrat team is present to contribute to the important debate. Perhaps the next debate on the subject will be held on the day of the general election and we might thus get an idea of when it will be. Hon. Members have passionately expressed the view that we need more debate on disability. The Government have proposed plans for the next 20 years, and we simply cannot leave the subject to a debate that we hold every two years. I am grateful that the Minister acknowledged that earlier

The subject is wide ranging. It covers everything to do with disability—mobility, manual dexterity, speech, hearing, seeing and memory. That definition is taken from the Government. I want to consider some matters that have not been discussed so far. I do not want to prompt the hon. Member for Kingswood to intervene again, but I stress that much was achieved in 1995 with the Disability Discrimination Act. Yes, more has been done since then, but it would be wrong to dismiss the Conservative Government by saying that they did nothing.

I am pleased that the latest publication from the Prime Minister's strategy unit, "Improving the Life Chances of Disabled People", includes evidence and contributions from several Departments. One Department alone cannot look after the issues, and evidence was taken from the Department for Work and Pensions, the Department of Health, the Department for Education and Skills as well as the Office of the Deputy Prime Minister. I commend the report. I hope that it will affect the design of buildings, the workplace and transport, and challenge the outdated attitudes that limit the involvement of disabled people in everyday life.

It is fair to say that attitudes are changing and have changed. We have national role models who are disabled and are now recognised names. I was in the flat next door to Tanni Grey-Thompson when we were at Loughborough university. She excels at her sport and is a household name. She has done much to promote the opportunities available for those in a wheelchair and to allow those of us who are not disabled to understand and open our minds.

Adrian Adepitan is a basketball player who did well with his team and won several medals. He appears on the link clips between programmes on BBC television. That would not have happened 15 or 20 years ago and it shows the progress that has been made.

The hon. Member for Aberdeen, South (Miss Begg), who is no longer in her place—perhaps because she knew that I might embarrass her—is a role model. I was working in the House for Tom King, now Lord King, when she entered Parliament. Again, she is a fantastic example of what can be achieved, and of breaking down barriers and challenging identities that have been associated with disability. It is a two-way process—showing what those who are disabled can achieve but, more important, educating those of us who are not disabled.

Much remains to be done. The Government's report shows that approximately 50 per cent. of disabled people of working age are unemployed and more than 40 per cent. are of low skill. We all face those challenges, whoever is in government. We need to tackle them now.

Statistics also reflect the people who are caught in what could be labelled the disability trap. They find it difficult to work or find an opportunity of work and therefore lean on the benefits system to survive. Incapacity benefit payments highlight that. For example, since 1997, the number of claimants has increased as well as that of those claiming for more than five years. Perhaps the most astounding figure shows that the number of young people who claim incapacity benefit has increased by 70 per cent.

There are 2.7 million people claiming incapacity benefits, and it is a challenge for any Government to try to reduce that number and to get people back into work. Those who want to be economically active should be allowed to do so, and should be given the appropriate opportunities in life. I hope that the Government will be able to meet their target of moving 1 million off incapacity benefit. If we do not tackle these challenges, people with disabilities will resign themselves to being stuck on incapacity benefit for life. I commend the Government's report, and I hope that we shall have a further opportunity to debate these matters in the future.

I have done some research recently on disability issues in Bournemouth. As hon. Members will be aware, we have quite an aged population and an awful lot of care homes. However, the new regulations that have been introduced into the care home environment have, unfortunately, resulted in a decrease in the number of such homes in Bournemouth. Over-regulation and red tape are forcing some of the smaller homes to close because they cannot afford to meet the new standards of regulation being imposed on them. For example, in a care home with only six residents, every room now has to be en suite.

I understand the need for certain dimensions and standards in order for a care home to operate correctly, but I do not think that it was the Government's intention that the end result would be that homes would close. I would be grateful if the Minister could tell us what is being done to review the regulations, and whether there will be any changes to allow care homes, particularly the smaller ones, to continue to work without being threatened by closure because of the high costs that they are now incurring.

We are also concerned about schools, and my hon. Friend the Member for West Chelmsford (Mr. Burns) eloquently spelled out some of the issues facing specialist schools. Will the Minister tell us what are the Government's intentions in regard to specialist schools? Many have been closed as a result of reduced funding. What is going to happen to the integration of pupils? As the hon. Member for Aberdeen, South said, the important factor is choice. We should not force parents to send their children to specialist schools, or force children to be integrated into the main school system. A choice should be available. At the moment, with specialist schools closing, that choice is being reduced.

One of the drawbacks of the disability legislation is that it is so far-reaching that it affects every single classroom and hallway in a school. King's Park primary school in Bournemouth is in a very old building, yet it has managed to meet 99 per cent. of the requirements that have now been placed on it. That is entirely appropriate. However, one classroom on the top floor has three steps going up to it. The school does not have the money to put in a special short stair lift to allow wheelchair access to the room, but no one requires wheelchair access at the moment. Why cannot the school be granted a dispensation to be able to use that classroom, if no disabled people need to use it? Or, if necessary, classes could even be moved round so that the facility could be used. At the moment, it is standing empty, and the school has neither sufficient space nor the money to rectify the situation.

A recent Government initiative has involved the merging of three large bodies—the Equal Opportunities Commission, the Commission for Racial Equality and the Disability Rights Commission—into a single body: the Commission for Equality and Human Rights. I understand that the budget for the new body represents an increase on the budgets for the three former bodies. Where will the extra money go? How will it be accounted for?

I want to talk briefly about the mental health facilities in the Dorset Health Care NHS Trust. The budget for Bournemouth was £59 million in 2003–04, and it went up to £66 million in 2004–05. We should rejoice at that, because it was an excellent increase. However, when we looked at the figures for the staff costs, the heating costs and all the other costs, we realised that they had gone up so much that they overshadowed the increase that I have just mentioned. The net consequence is that the trust has had to make cuts of about £1 million. That includes the closure of a halfway house called Torch, based in Hahnemann house in Bournemouth. This popular facility has been used for those people who were in intensive mental care, but who wanted a stepping-stone to get back into the community. The facility, I am afraid, has been cut simply because Bournemouth cannot afford to run it. That is very sad indeed.

Dorset is one of the best performing areas in the country, as the statistics will show, but, unfortunately, it is now one of the worst funded. That is not an isolated problem, as I understand that about £20 million has been cut from the mental health care budget nationally. The Mental Health Foundation has called that a "cruel and insane" action by the Government. Again, I would like the Minister to comment on why there have been so many cuts to something so fundamentally important.

I also want to comment on the criminal injuries compensation scheme, which was mentioned earlier in relation to the terrorist aspects of 7 July. There has been a lot of media coverage of those who have asked for compensation but have yet to receive it, and I understand that the Prime Minister himself had to intervene to get the scheme to provide the funding for those who were caught up in that horrific disaster.

When I made that intervention, there were rumblings on the other side of the House, but whether we agree that the money should come from that scheme and whether we agree that those who are disabled should be receiving funds are separate arguments. It should not matter whether people are getting money from incapacity benefit, disability living allowance or the criminal injuries compensation scheme: if they deserve that money and are legally entitled to it, it should be

[Mr. Ellwood]

provided. However, there is an inherent delay in the system. Worse, if people are affected by a terrorist bomb abroad, they receive absolutely no compensation, whether it be for prosthesis or for loss of limb. I hope that the Government will take that point on board and address it.

To conclude, I am glad to have contributed to the debate and I think we have learned an awful lot today. I emphasise the concern that we should be having such debates regularly. Much needs to be done to help those who are disabled to fulfil their potential and to provide them with the same opportunities that we all have. Disabled people continue to be more likely to live in poverty, have fewer qualifications and experience a poorer standard of living.

I hope that today's debate focuses minds on what is required. While the actions referred to in the report from the Prime Minister's strategy unit are welcome, 20 years is too long to wait to see whether they work. I would like the Minister not to ask me to bring these matters up during business questions, but to say, "Yes, I endorse the idea of having an annual debate to see what progress has been made," rather than leaving it two or three years or until enough pressure has been applied for her to be called to the House. I am sure that she shares those sentiments, although I would like that to be confirmed.

Mrs. McGuire: Will the hon. Gentleman give way?

Mr. Ellwood: I was about to conclude, but I am delighted to give way.

Mrs. McGuire: In light of the hon. Gentleman's comments, I take it that he will put pressure on his business managers to use Opposition time for such a debate. The Opposition have days on which they, too, could introduce a debate on disability issues, if they are as crucial to Opposition Members as they appear to have been today.

Mr. Ellwood: I am saddened by that comment because, first, Opposition-day debates are for the Opposition to hold the Government to account. The concerns expressed today show that there is a passion for this issue, and we should not have to use an Opposition-day debate to raise it. It should be a regular theme for debate.

The right hon. Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) introduced a private Member's Bill to get the Secretary of State for International Development to come to the House once a year to give account for what his Department does with regard to spending international development money. The right hon. Gentleman has also managed to secure the development target of 0.7 per cent. of gross domestic product.

That will be an annual event—we have all been involved with it—and it is a fantastic move forward to show the accountability of the Government. I would very much like them to endorse that. They should not be forced to do so by the Opposition, but should take the initiative and say, "Yes, we would be delighted to come to the House to debate those issues annually."

4.29 pm

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): I listened with great interest to the hon. Member for Bournemouth, East (Mr. Ellwood), who obviously researched his contribution carefully. As someone who also represents a seaside area, I was listening for similarities between our areas. Interestingly, his reference to care homes reflects that as we get older we are more likely to be disabled. Sometimes, it is difficult to disentangle issues of the elderly from those of people with disability, which complicates matters for everybody.

I open my remarks with a degree of trepidation, as the Minister referred at the start of her contribution to the fact that the debate in 2004 centred on civil rights. It is important, however, to start off with a reference to human rights and the universal declaration of human rights, which says:

"All are equal before the law and are entitled ... to equal protection of the law."

I believe that human rights and civil rights underpin today's debate. All the interesting and well-informed contributions made by Members are based on the point that people with disability should enjoy the same rights that everybody else enjoys. That should be the template against which we measure any initiatives from central Government, local government and community groups.

Before I consider the detail of the strategy unit report, I want to examine some of the definitions of disability. The Disability Rights Commission produces some helpful facts and figures and lists the many disabilities and conditions that people expect to be included by the term "disabled", from visual impairment to arthritis, cancer, multiple sclerosis, heart disease, depression—interestingly—and diabetes. Recently, the case of a man who is so obese that he finds it difficult to get through doorways or get into a bath—and who cannot bathe himself at home and therefore must go into a hospital setting for basic care—was brought to my attention. That illustrates that we must have an open mind about what constitutes disability and consider how it impairs people's everyday lives in relation to the social model.

We have already heard some statistics about the number of disabled people. As I said, disability increases with age, and as the population is ageing, we need to be aware of that. The World Trade Organisation predicts that depression will be the leading cause of disability by 2020, which links to some of the comments made about the welfare to work Green Paper. An increasing number of sick notes have depression or mental health issues on them rather than physical conditions. Only 50 per cent. of disabled people of working age are in employment compared with 81 per cent. of non-disabled people. Like my hon. Friend the Member for Aberdeen, South (Miss Begg), I am a member of the Work and Pensions Committee, so I shall not comment on that issue—Members will have to wait for our report, which is to be published shortly. Disabled people are unable to use 70 per cent. of buses and 40 per cent. of the rail network. Almost 50 per cent. of disabled people list transport as their main local concern, and feel that their employment opportunities have been reduced because of poor public transport. Sixty per cent. of disabled people have no car in the household, compared with just 27 per cent. of the general population.

We all have access to a range of statistics highlighting the nature of the problem and the importance, as well as the complexity, of addressing it. However, I do not want to underestimate or gloss over what has already been done I want to refer to some of the extensions of disability rights since 1997, of which I am immensely proud, and pay tribute to the Minister and her colleagues for all their work. Civil rights for disabled people have been strengthened in terms of access to goods and services and also public transport, although there is some way to go in that regard. We have seen the establishment of the Disability Rights Commission and, in October 2004, the extension of employment provisions in the Disability Discrimination Act 1995. That will protect an additional 600,000 disabled workers from discrimination.

Many people are involved in those developments, and many people have benefited. Most recently, there have been the amendments tabled to the Disability Discrimination Act 2005, requiring public authorities to provide equality of opportunity for disabled people. All that has culminated in the strategy unit report. For a document of its size it is very readable, and it contains some very good recommendations. As other Members have said, it presents an ambitious 20-year vision, but we must start somewhere. We must also set an end date so that we can establish targets and measure successes. Otherwise, we shall have only warm words with no result at the end.

The first key area identified in the strategy is independent living, which is the central issue of our debate. It involves the human rights of people with disabilities, who should be able to make choices. Members on both sides of the House have reiterated that services should meet the needs of individuals rather than individuals fitting themselves into services.

The strategy unit's report, entitled "Improving the Life Chances of Disabled People", deals with that issue. It also states:

"Historically, disabled people have been treated as being dependent and in need of 'care', rather than being recognised as full citizens."

In a recent speech, the chairman of the Disability Rights Commission, Bert Massie, took up the same point. He said

"society still sees its best response to disability as care, welfare and charity—rather than equal rights, opportunities and citizenship.

Our instinct is to protect.

But in 'protecting' people we deny humanity rather than liberating it."

I could not agree more.

In a previous incarnation, when I was chair of Lancashire social services, I saw the best social work in practice when it took risks and extended boundaries instead of cocooning people, but there are questions to be raised about that as well. Liberating people is not just a matter of what is provided by local social services departments, or indeed of what the Government enshrine in law; it is a matter of bringing the whole community and the whole family into the debate.

When I was chair of social services and trying to change things, and more recently over the past nine years as a Member of Parliament, I have discussed with parents the needs of their disabled children. Even when a disabled child is 40 or 50, a parent will often want to protect that child. It is understandable and I do not criticise such parents, but the challenge is to give the disabled person freedom to go out into the world, to explore and to make his or her own decisions. That is not an easy task for anyone. As we change the law here and as local authorities and other providers respond, we must bring people with disabilities and their families with us. We should all be working together, and recognising the basic rights of people with disabilities to make choices, to be given freedoms, and not always to be cocooned.

I am proud to be chair of the all-party parliamentary group on social care here at Westminster. We changed our name this year from the all-party social services panel, but given what has been said about care, perhaps we should think of changing it again—possibly to something incorporating the word "independence". In any event, we should all be working together to improve the life chances of people with disabilities by promoting independence rather than dependence on care.

In enabling independent living, we should focus on four key values: choice, control, freedom and equality. That way, we will improve life chances. I welcome the move to direct payments, which will enable people to make choices, and I am looking forward to the assessments of the individual budget pilots. Bringing together sums of money from various different budget heads will give people with disability more freedom and flexibility in determining their own care packages. They will be able to purchase a package that responds to their individual needs.

Danny Alexander: I agree very much with what the hon. Lady is saying about the importance of individual budgets. Does she agree that, for those budgets to be truly effective, the full range of services has to be available at a local level, so that the budgets can be used to obtain the services needed? A number of Members have referred today to the inadequacy of services in certain areas; unless they are adequate, the individual budgets cannot be fully effective.

Mrs. Humble: The hon. Gentleman makes an interesting point. We need to think outside the box, instead of simply focusing on the services currently provided, and to enable providers to come in with new services and to be responsive to the requests of individuals. In fact, that has already been happening in some parts of the country. For example, Lancashire's vibrant and enthusiastic private sector has responded to changes in legislation and in service provision over the years. There are difficulties, however. Funding often comes from the local authority, so in trying to be innovative, the private sector has to rely on traditional local authority purchasing patterns. However, as individuals start purchasing their own services, there will be opportunities for outside providers to be responsive. I am an optimist—I am looking forward to these changes.

Miss Begg: Perhaps I can help my hon. Friend on this point. It is perfectly possible to buy a bath board for £12.99 from Argos, which suggests that many disabled people do not need a bespoke service. Sometimes, only very simple things are needed that can be bought on the open market. Having their own funding stream would

[Miss Begg]

enable disabled people to go out and buy such things, thereby giving them the advantage that I already enjoy, as someone in work with a reasonable salary. We need to provide the flexibility to enable those on benefit to have the same level of choice that everyone in this Chamber takes for granted.

Mrs. Humble: My hon. Friend is absolutely right; indeed, an increasing number of organisations sell community care products in their catalogues. Giving money to the individual will open up great new possibilities for them. As I said earlier, I am looking forward to the results of the pilots and the subsequent roll-out to other parts of the country.

I come now to three issues: children, learning disabilities and advocacy services. I endorse many of the remarks that colleagues made about the particular needs of children with disability, but we should consider an issue that has not been touched on thus far: the new Childcare Bill. For the first time, the Government have produced a strategic document for child care provision, but it also recognises the very special needs of families with children with disability, and their difficulties in accessing suitable child care.

The Childcare Bill focuses on providing child care to enable parents to go out to work, but in some instances child care is an end in itself for the child—they learn to socialise, for example. If we are to educate the community about the needs of disabled people, we should start with children and ensure that disabled children mix with other children from the very earliest age, and that their parents get used to such contact. I look forward to the Bill providing more child care for disabled children and support for their families.

The question of quality has come up in the debate on the Childcare Bill. We must ensure that the services provided are of the highest possible quality, which means that staff providing child care are trained to the highest level so that they understand the special needs of children with disability.

I also pay tribute to the Government for abolishing the means test for families with a disabled child who apply for the disabled facilities grant. Families have told me that they are thrilled about that, although often they have worked through the old system and are pleased that others will not have to go through what they went through. People have also asked about the cap on capital expenditure and, given that some alterations on houses are major, that needs to be looked at again.

Other problems arise as children grow up. Thankfully, more children who are born with profound disabilities now live longer, but that can cause difficulties in the family home. Altering the house once is not always the end of the matter, as other alterations may need to be made as the young person grows older.

I am sure that the whole debate could be devoted to disabled children, so I shall merely say to my hon. Friend the Minister that more respite care and specialist equipment should be made available, and that parents need to have access to more support and advice. Above all, we should listen to the voice of the child. Usually, that is the most instructive approach: children know what they want, but sometimes their voices are not heard.

I move on now to people with learning disabilities. Recently, I had the pleasure of speaking at a conference for learning disabled representatives on the learning disabilities partnership boards. The representatives came from across the whole of Lancashire, and they were very pleased at last to be part of the policy-making process determining the services available for them. However, they told me about some of their concerns, and emphasised that they need support if they are to enhance their life chances.

Too often, the eligibility criteria applied by social services departments are so tight that people with moderate learning disabilities find it very difficult to access services. I spoke to one man at the conference who had moderate learning disabilities. He was a member of the partnership board, but he told me that he could not get the help with transport that would allow him to get to meetings. If we are to involve people with disability in the decision-making process, we must help them and look at whether they are being excluded by the eligibility criteria set by local authorities.

I used to be a county councillor, so I fully understand the pressure on local government budgets. A line has to be drawn somewhere, but people with learning disabilities can sometimes feel disadvantaged and we need to listen to what they have to say.

Another matter to come up at that conference was that, sadly, people too often still see the disability rather than the individual. I am sure that all hon. Members are aware of that, but I was surprised to hear how often it happens across a range of services, including health and education. I am pleased to say that it is less common in social services, as I hope that people with disabilities would be seen as individuals at least by those who work in social care. Educating people to see the individual and not the disability is a major task, especially when it comes to people with learning disabilities.

I was very pleased that the Mental Capacity Act 2005 enshrined in law the fact that we are all able to make decisions, and that it must never be assumed that someone is incapable of doing so. Whether or not a person is capable of making a particular decision must be tested. I meet people with learning disabilities and they are often capable of making a whole series of decisions. There may be a complex financial matter that they cannot deal with, but many people without learning disabilities have difficulties with complex financial matters.

All too often when I visit a home in the community for a group of people with learning disabilities, the care staff—I am sure with the best of intentions—make decisions on their behalf instead of asking them what they think, what the care staff can get for them and what they want out of something. Staff will require a lot of training on the Mental Health Act so that they understand that they can no longer do that. They have to carry out functional tests and respect the decisions of people with learning difficulties.

People fail to listen to those with disabilities, so it is important that there are independent advocacy services to speak on their behalf. I have the grand title of president of the Blackpool advocacy. It is an excellent organisation that provides information, support and representation to enable individuals to access services. Advocates accompany people to meetings and,

importantly, explain the procedures and processes to them and what they will find. Sometimes they make sure that there is appropriate access to the meeting. Sadly, it still sometimes happens when people with a disability are invited to a meeting that either they cannot get in or, if they are hearing impaired, there is not a loop system, or, if they are visually impaired, there is not the necessary equipment for them to read documents. An advocacy service can help them throughout all that, ensure that information is presented in the right manner and that the setting takes into account the particular disability of the individual.

Recently, the community learning disability nurse made a presentation to the Blackpool advocacy. She highlighted some of the barriers for people with learning disabilities to access services. They can forget appointments, are often afraid to go to the doctor, dentist or nurse and can have transport problems or communication problems. In those circumstances, sometimes they do not attend the appointments or meetings that they should, or cannot communicate their concerns. In those cases, an advocacy service is essential. Certainly in Blackpool, the advocacy service also provides support to children. Children's advocacy is important for some of the reasons that I outlined earlier. Sometimes the wishes of a disabled child are not the same as those of the parent or those of the professional. Again, it is important that the voice of the child is listened to. An advocacy service can provide support and ensure that that happens.

The Children's Society runs a disability advocacy project in London. It, too, gets positive feedback from the young people who use its services. Of course there are no guarantees of good advocacy services around the country. When I describe to colleagues what happens in Blackpool, they say that that does not happen in their locality. I urge the Minister to consider establishing a national framework for advocacy services. There is a national organisation for advocacy services, but the services have been set up individually around the country, have different funding mechanisms and provide different services.

The Mental Capacity Act 2005 offered an opportunity to promote advocacy services and I argued the case for them during its passage. The Government have acknowledged the need for legislation on advocacy services for people who lack capacity and have no family or friends. I want advocacy services to be provided much more widely, although I welcome the Government's consultation in relation to the Act.

National standards are being considered, under the legislation, to improve the life chances of people with learning disabilities in a broader setting. I urge the Government to put independent advocacy services on a much more secure financial footing, and to give them a statutory base. Sadly, the chief executive of Blackpool Advocacy, like many chief executives of charities, spends most of her time chasing funding instead of delivering vital services.

Direct payments have been implemented. Individual budgets have been developed. The health and social care White Paper has made proposals to improve preventive services. The Equality Bill will set up a new commission and we already have the Human Rights Act 1998, the Mental Capacity Act and the improving life chances strategy. Together, all those measures provide an excellent framework in which to develop and improve services for people with disability, to enhance their future life chances.

The Care Standards Act 2000 has not been mentioned so far. It set a framework for service quality and introduced three important bodies that can help us in our campaign to improve life chances. The Commission for Social Care Inspection not only supervises and inspects services, but produces interesting discussion papers on their improvement. Recently, it issued a document on brokerage schemes, which help people with learning disabilities access individual budgets. The Social Care Institute for Excellence has amassed much excellent information and data about services, about what is available and what should be available, which is useful for Members of Parliament and service users. It provides excellent support for the all-party group on social care. Its research can be used to enhance services and to help people work out what should be provided in their area.

The third organisation is the General Social Care Council. Earlier, I drew attention to the role of social care staff who support people with disability. They are an important group and we should acknowledge the special role of social workers. We are all asking for improvements in the process for assessing children, carers and adults with disability, but the social workers who undertake that vital work need support and recognition of their position. Their job is often difficult; they tread the mine field of the competing—sometimes conflicting—interests of the disabled person, their family, their friends and other people who offer them advice and support.

Many care workers provide care in individuals' homes or residential settings. Sadly, all too often they are not very well paid. People who are trying to recruit high quality care workers are competing with supermarkets, which pay more. There is an issue about raising the profile of the social care work force and making such employment a real choice for individuals. At the end of the day, such people can do so much good in supporting people with disability and providing them with the right level of care.

I began with a quote about human rights and I will finish with another—this time from Eleanor Roosevelt. In 1958, she said:

> "Where, after all, do universal human rights begin? In small places, close to home—so close and so small that they cannot be seen on any map of the world. Yet they are the world of the individual person".

In improving those small places for people with disability we will make a huge improvement to their lives. I am looking forward to that.

4.56 pm

Gordon Banks (Ochil and South Perthshire) (Lab): I am grateful for the opportunity to take part in today's debate and am happy to follow my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble). I pay tribute to my hon. Friend the Member for Aberdeen, South (Miss Begg), who is not in the Chamber at this point. I found her contribution and her first-hand experiences extremely valuable and the debate has been all the better for them.

I want my contribution to be quite brief. The objective of any Government strategy on disabled people must be to focus on improving those people's

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quality of life and opportunities. We have heard of many achievement of which we can proud, but they must be viewed as a stepping stone towards more challenging, but hopefully more rewarding, reform.

We have already heard from my hon. Friend the Minister and from other Members that, before my time here, the House passed the Disability Rights Commission Act 1999, which gave rise to the commission and its statutory duties to promote equal opportunities and eliminate discrimination in this area. The Disability Discrimination Act 2005 amended and extended the 1995 legislation. In addition, while in government, Labour has introduced the new deal for the disabled, which has resulted in more disabled people being in work than ever before—about 750,000 more than in 1998. Working tax credits for disabled workers have delivered further support to many people once they have returned to work.

The experience, however, is not always good. Difficulties are still evident as some disabled people seek out the necessary support. I would like to take this opportunity to bring to the Minister's attention instances in which people have come to me with first-hand experiences of cases in which wheelchair users and those with sight problems are not benefiting from even good advice, let alone the best advice. That can create additional damage and further isolate and demoralise the people on the receiving end of that poor advice, and it does nothing for us as a society in general.

I encourage my hon. Friend the Minister to meet the small group of people who have contacted me about their difficulties so that she can hear for herself, at first hand, where there are still gaps in the system that we can address. In addressing them, we would improve the quality of life of many more people, as well as the economic and social condition of our country. It is only by listening to the people who are affected by disability that we can best deliver the help and support that is required.

The Government are removing a significant number of boundaries. The DWP document, "A new deal for welfare", to which the Minister and other hon. Members referred, sets challenging targets for increasing employment opportunities for disabled and incapacitated people. One of the aims is to reduce the number of employees who leave work because of disability. That is very important, but it is a role that employers must approach responsibly. We have heard some disturbing comments today about the role of and experiences provided by some employers.

Employers must see the value of the person, not the disability—a point made by my hon. Friend the Member for Blackpool, North and Fleetwood. I agree with the Government that employers, local authorities and health professionals and the Government need to come together to deliver the best results, but employers must have a much better understanding of our objectives and expectations and the role that they will play in delivering the objectives, and I say that as someone who has been an employer for 20 years.

The Minister will remember attending a recent meeting with me on the very subject of support for the disabled, and I am sure that she will have been heartened by the general response of most of the people present that night—whether disabled or able-bodied—and the recognition that we have done a lot and that we are planning to do even more. However, in bringing my brief contribution to an end, I urge the Minister and the Department to be aware that we must always keep listening to the experts in the field—the individuals who live with disability every day in life.

5.1 pm

Mr. Henry Bellingham (North-West Norfolk) (Con): It is always a pleasure to follow the hon. Member for Ochil and South Perthshire (Gordon Banks). I was in the Chamber when he made his maiden speech, and he has just made a very good short contribution. Certainly, one of the aspects that he brings to the debate is his business experience. I hope that the Minister will meet his delegation and take on board what he said about the role of employers.

We have had a very constructive, wide-ranging and positive debate, and I have always maintained that both parties have a good record on disability and disabled people. The previous Government had an excellent record, as was pointed out by the shadow Minister, my hon. Friend the Member for South-West Surrey (Mr. Hunt). The late right hon. Nick Scott was a quite superb Minister for the disabled. Indeed, as my hon. Friend also pointed out, my right hon. Friend the Member for Richmond, Yorks (Mr. Hague) was a very distinguished holder of that office. It is a pity that in the past—not so much today—Ministers and Government Members have been somewhat grudging and patronising in their view of the Conservative party's record on such matters when in government. The time has come to accept that our record in government was good. This Government's record is also good, and I certainly welcome what they have done. I give credit to them for the Disability Discrimination Act 2005, for the welfare reform Green Paper and for the report, "Improving the life chances of disabled people". They have been working hard. They have had a series of very imaginative and hard-working Ministers. Indeed, the current holder of that post is no exception.

There is a very long way to go indeed. When one looks at some of the statistics, one sees that disabled people have a lower employment rate than any group. Only about 50 per cent. of disabled people of working age are employed. Furthermore, disabled people who are working earn 30 per cent. less than non-disabled people. More than 40 per cent. of disabled people are low-skilled. About 25 per cent. of disabled people of working age are over 50. More than 50 per cent. of families with disabled children are in or near child poverty—so there is still a long, long way to go.

My hon. Friend the Member for Bournemouth, East (Mr. Ellwood) mentioned one of my concerns when he referred to the life chances report. According to the report, the target is that

"By 2025, disabled people in Britain should have full opportunities and choices to improve their quality of life, and will be respected and included as equal members of society."

That is a very long way off, and we must all have the ambition of ensuring that we achieve those goals well within the 19 or 20-year framework that has been laid down. Any Government should have ambitions to achieve those targets before 2025, so we must try to do so.

Her Majesty's Government are right to advance a programme to tackle welfare reform, but that is largely a debate for another day. I applaud the Minister, however, on her comments on the transition to adulthood. I think that she used the words, "cliff edges", to characterise the position of young adults who suddenly find that the support that was in place suddenly disappears: they have nowhere to turn, as there is no provision for them. I am pleased, too, that hon. Members on both sides of the House drew attention to the serious problems faced by parents who have children with learning difficulties. My hon. Friend the Member for West Chelmsford (Mr. Burns) has a great deal of experience in this area, and he pointed out that the statementing system for children of school age is onerous, bureaucratic and in dire need of reform. When those children become young adults and take part in training schemes, many of them live at home with their parents, but often things come to a crunch when they reach another cliff edge and they have to move out, perhaps because their parents have to go into a residential home or they pass away. I have dealt with many constituency cases in which young adults with learning difficulties become middle-aged adults with learning difficulties. Often, the support system does not offer them anything once their parents pass away. The Government should look at that problem very carefully, and I hope that the Minister will address it in her winding-up speech.

We heard some good examples of initiatives that are under way in hon. Members' constituencies. I pay tribute to the West Norfolk disability information service in my constituency and its director, Jonathan Toye, who works tirelessly to ensure that disability rights are always at the top of agenda of local authorities and other Norfolk bodies. King's Lynn and West Norfolk borough council and Norfolk county council have an excellent record of doing all that they can to help disabled people and ensuring that their service provision takes into account the rights and interests of disabled people. Both councils have a long and distinguished record of doing their level best and achieving very high standards indeed.

I asked Jonathan Toye to update me on facilities for disabled people in my constituency and the immediate priorities. Overall, the picture is encouraging. Most local businesses have responded to the challenge, and are doing exactly what they should. It is not just a question of helping disabled people and of providing facilities for them but of making the right business decisions. He cited a couple of food outlets in my constituency. Pauline's Pantry is a small sandwich bar in King's Lynn that has recently invested in disabled facilities and has gone from strength to strength. It is very disabled-friendly, and it has been awarded an accolade by the *Eastern Daily Press*. He cited a larger delicatessen/restaurant called Norbury's, which has recently undertaken a major refurbishment programme and has taken on board the requirements suggested by WNDIS. Both those businesses should be congratulated. I visited one of them recently, and I know that both are going from strength to strength.

Mr. Toye said that there is a slightly larger business in King's Lynn, the Duke's Head hotel, which has not listened entirely to the advice that was put to it. He hopes that some of the larger businesses will take on board exactly what he and his colleagues have said. As I have said, it is good for businesses to be disablement friendly.

Mr. Toye mentioned also the dial-a-stop bus service, which collects people with limited mobility from their homes and is working well. Unfortunately, the space that has been allocated for the service is quite a long way away from the main part of the bus station. Most of the people with limited mobility who come into the centre of King's Lynn want to shop at Sainsbury's. They want to visit the shops and the services in the middle of the town. It would be a great deal easier if they could be set down near to King's Lynn museum, where there is an available stop. Unfortunately, the county council is not being as helpful as it might be. I have written to the council and I hope to have a positive reply.

At the margin, life for disabled people can be made a great deal easier where authorities put a certain amount of imagination and common sense into the equation, think first about disabled people and work out whether taking a small step in the right direction could make a significant difference to people's lives.

I will not speak for much longer because I was not in the Chamber for the entire debate. However, I think that we have had a constructive debate. It has brought into focus several key issues. I hope that the Minister and the shadow Minister, my hon. Friend the Member for Daventry (Mr. Boswell), will touch on other points, such as the role of carers and the problems that many disabled people face not because there are not enough benefits, but because accessing the benefits is extremely complicated. Quite often, disabled people are given different opinions and advice.

Carers, as my hon. Friend the Member for South-West Surrey said, are saving the Government £57 billion a year. I hope that the Minister will touch on respite care. I hope also that the Minister and the shadow Minister will take up the serious problems that we are all facing in our constituencies because of the added burdens and regulations that are placed on small care homes. It is a sad fact that many of these homes are closing.

The UK has come a long way in its treatment of disabled people. It has come a long way also in how it has opened up many new horizons for disabled people. I hope that we will achieve the aims laid down by the Government long before 2025.

5.13 pm

Mr. Tim Boswell (Daventry) (Con): I, too, welcome the debate and the tone of the contributions made to it on both sides of the Chamber. There is a common message coming from this debate, that although we have made progress there is still a great deal more to do.

I thank the Minister for setting the tone of the debate. I thank my hon. Friend the Member for South-West Surrey (Mr. Hunt), who made his first appearance at the Opposition Dispatch Box to make a full speech, for his kind personal remarks about both my hon. Friend the Member for Wycombe (Mr. Goodman) and myself. If I may say, without any patronising whatever, my hon. Friend has a fantastic grasp of the subject, which he displayed both in principle and in detail.

The House would also expect me to thank—and I do so genuinely—my hon. Friends the Members for Blaby (Mr. Robathan), for West Chelmsford (Mr. Burns), for

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Bournemouth, East (Mr. Ellwood) and for North-West Norfolk (Mr. Bellingham) for the interesting and challenging contributions that they made, sometimes grainy and sometimes not without criticism, but always well meant, well spirited and to the point. I do not exclude Members on other Benches, but if in the interests of time I do not go comprehensively through the list, I think that the House will forgive me. I hope not to be invidious if I single out the right hon. Member for Coatbridge, Chryston and Bellshill (Mr. Clarke), who is always extremely interesting. We did have a little flurry, but I found myself in agreement with nearly everything that he had to say.

I shall also mention the hon. Member for Kingswood (Roger Berry), who has done more about this subject than almost anybody else and made an interesting contribution, including his comment about the role of the voluntary sector and its relationship with the statutory sector, and the hon. Member for Aberdeen, South (Miss Begg), who made a remarkably eloquent contribution. What emerged from it, if I may say so, is the one attribute that persons who have disabilities must have—a very strong will, or a pair of elbows to push aside the difficulties. She has the articulacy, the ability and the passion to do that. Sadly, many people lack the resolve, spirit or capacity to argue for themselves, or to access the services that could do so on their behalf.

The debate has been largely constructive. I shall touch briefly on two aspects that might have caused a flurry or a certain difficulty in the exchanges across the Benches, then I shall touch on four general themes and end with a personal comment.

On points of difficulty, we probably ought to move on from history. There will always be a difference of emphasis—it would be slightly unhealthy if there were not—between the parties as to their relative contribution. It was acknowledged by the Minister, who said that she was trying to pay compliments to the Opposition, that a fairly substantial contribution was made by the Disability Discrimination Act 1995. However, that was not the first thing to be done by a Conservative Government. Having been a Minister in the Department for Education in 1992–93, I happen to recall, modestly, that we legislated for special educational needs and the new tribunal, for example. The historic record over the years shows that Governments have begun to see needs, have become sensitive to them and eventually have begun to respond to them.

As for the attitudes of people in my party, there may have been some coded messages about individuals. All I would say for myself is that it is almost seven years since I assumed Front-Bench responsibility for my party on disability issues, and three years since I passed that to others. I do not think that in the whole of my time, my attitude to these matters has changed very much. I certainly do not intend it to have done. It may just be—to draw an analogy from the sun now streaming through the windows of the Chamber—that one can see the issues in a clearer and sunnier light than one might have done seven years ago.

On the second possible cause of prickliness, I have allies across the Chamber. From the remarks made by a number of hon. Members, it is clear that the Government and the business managers must not get into the habit of using disability issues as a convenient filler on election days. It would be difficult to send a more eloquent signal of the marginalisation of disability issues. As a final challenge to the Minister, she will have heard the requests for an annual debate, and I would be glad to hear her concede that principle tonight. If she feels unable to do so, all I can do, with allies across the Chamber, is to point out that the all-party disability group will be queuing up in Westminster Hall every year to debate the subject. So we should. Disability issues affect large numbers of our constituents—nationally, perhaps one in five of the adult population, their families and their carers. We should respond generously and appropriately to them.

On the four themes that I promised to deal with, first, I welcome the general shift in the debate towards outcomes of disability policy. That is intended not to sideline or downplay the rights-based approach, but to emphasise that that is a necessary but not a sufficient condition for improving the life chances of disabled people.

I look forward with interest—an interest that I have developed since I first became engaged in these matters, and so in wider equality issues too—to the results of the inquiry that Trevor Phillips is leading in the equalities review. In the end, what our disabled constituents and their families want is, as far as possible, equality of outcome or a greater approximation to equality than we have had hitherto. To those who raise the other equality issues of race and gender, I should say that it has taken a very long time in those strands, too, and we are still not yet there.

I cautiously welcome the Government's tendency to promote the empowerment of disabled people to take their own decisions. It is set out—rather inelegantly, in my judgment—in the terms of reference for the independent living fund review published yesterday, as a

"more person-centred and coherent support for disabled people".

I do not much like the language, but I like the theme. What we must do now is carry out the pilots in good faith and evaluate them carefully, for two reasons. First, any appropriate help that may be required for disabled people to take decisions should ensure that such people function as their own best purchasers. I believe that they can. Secondly—and this amounts to a warning—we must ensure that the whole exercise does not become a cynical one of shuffling between different budgets resources that are inherently inadequate to meet the needs.

Beyond that, I shall mention three specific issues. One was touched on by many hon. Members in the debate, and may be described broadly as access. Part of the issue is a matter of compliance by service providers and owners of premises with their full legal obligations under the whole suite of disability legislation, including that on access to premises. Recent correspondence with one of my constituents suggests that, despite the efforts that the two district councils in my constituency have certainly made, she is profoundly sceptical about what is available. I am wheeling her in to meet the town council so that she can give it the benefit of her advice. I do not believe that there are many public or private sector organisations whose performance in this area is wholly satisfactory.

The new arrangements for the Office for Disability Issues have also been touched on, but the relationship between that organisation and the Disability Rights Commission has not yet been fully explained. I hope that the Minister will be able to tell the House how she sees those two bodies working together to monitor achievements. One of the difficulties is that the DRC deals with complaints, legislation and legal challenges, while the ODI will be examining outcomes. Their different philosophies may not make it easy for them to work together. As part of the reporting process, we need a proper account—some samples, surveys or mystery shopping—of what is actually happening on the access agenda. I am pleased to see that the Minister is responding positively to that point.

The second part of access is access to work and several hon. Members, including the hon. Member for Kingswood, have spoken eloquently about its importance. Part of the problem is about the readiness of employers to meet their own obligations not to discriminate and to make reasonable adjustments. A great deal also hinges on access to work. It is, frankly, a hidden treasure and I fear that that is so because if it were not, it would cost too much on ministerial budgets. That is not a satisfactory or stable outcome. If it is that good, we ought to use it. As the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) said, it would save money in the end. I shall say more in a few moments about spending to save in a different context.

I also want to mention housing, which I am pleased to say is now taking on greater importance. From the work that I did some years ago on the valuing people initiative, I remember the concern about the sufficiency of accommodation for people with learning disabilities, which a number of hon. Members have touched on. However, the issue goes far wider than that, because it covers adequate housing for people and families with all kinds of disabilities, and I welcome the recent changes in the disabled facilities grant.

In its briefing, the DRC specifically calls for more action to build adaptable and accessible housing by adopting the lifetime homes standards for new housing and using existing housing more efficiently by ensuring the more widespread use of the accessible housing register. It goes on to say that it believes that the code for sustainable housing was a missed opportunity in that respect. Many housing authorities currently judge disability issues to be peripheral to their main duties, but, as the DRC has rightly pointed out, in December local authorities' disability equality duty will kick in, which means that they must handle the issue more positively.

Technology is not a substitute for effective care or services, but it can enhance care or services. It clearly relates to housing, and I was fascinated to visit the demonstration house in Northampton, which is a joint project between the borough and specialists in social services. The house draws on expertise to develop technologies for people with deteriorating mental capacity to enable them to stay in their own homes safely for longer. That technology is also invaluable in the context of work—for example, in helping visually impaired people to operate computers. However, we must accept that it creates a crunch in attitudes, and sometimes results in public authorities having to make particularly difficult decisions. A better piece of equipment means the imposition of an up-front cost; that also applies to analogue and digital hearing aids, and manual and electric wheelchairs. It is likely that the capital costs will be substantial, and public authorities may have to adjust their budgets to spend to save, and to benefit the life chances and employment chances of users.

My deepest area of concern across the whole field has not been touched on today as much as I expected. Public administration in general, and the benefits system in particular, are driven by rules made in the interests of fairness and clarity. That need for precision inevitably conflicts with the practical experience of disability issues, where conditions may be complex and, above all, fluctuate from day to day. At best, even if someone's condition is stable, it may show either an improving or deteriorating trend. It is very difficult, and also rather invidious, to fix a disability in time and for ever.

I am pleased by the emphasis that a number of hon. Members have put on mental health conditions, which account for a striking 40 per cent. of all new incapacity benefit claims. The benefit system is understandably based on yes or no answers to questions such as, "Are you at work?" "Should you be at work?" "Could you be at work?" and "Are you qualified for this benefit or not?" Even if the original decision on, for example, a personal capacity test is correct, it may very soon be obsolete. Moreover, in spite of recent welcome changes in the linking rules and the greater sympathy, which I acknowledge, shown by Ministers to this issue, the fear still remains among disabled people that if they go back to work, if they try work and break down, or even if they find that they cannot work for a full week at a time and need a shorter working time, they will somehow have surrendered their benefit and be left exposed.

I say that particularly in the context of any change in welfare reform and the safeguarding of historic incapacity benefits. If somebody goes back to work, the question will arise as to what happens if they then find that they cannot carry on and run the risk of losing their old benefit or having to re-enter at a lower rate. I do not have a precise prescription in this area. We must simply keep plugging away collectively at making the whole system more flexible—without, of course, devaluing it.

I want to close on a rather more personal note. The broad facts about inequality of outcome for disabled people are pretty well known, certainly to all participants in this debate. They are not contentious, but they are alarming. For young people, the position is particularly depressing, with disabled 16-year-olds twice as likely not to be in education, employment or training as their non-disabled contemporaries. Furthermore, a study carried out in 2002 estimated that a quarter of disabled young people with learning disabilities will have left compulsory education with no transition plan in place. There is already a pre-existing legal obligation to provide transition planning, but that seems not to have been done—certainly in relation to education, but also more widely.

There is always a need to be sober and remember that even if we have legislated in the past, the things that we legislated for may not be happening because of the pressures on local authorities, inadvertence or lack of attention. As we have heard, the position is hardly better for disabled adults, with research for the Joseph

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Rowntree Foundation showing that about a third of disabled adults of working age live in income poverty. Incidentally, that is a somewhat higher proportion than 10 years ago.

The issue for us all—the reason why we are here this afternoon when we could be electioneering—is what we are going to do about it. I think that there is a common will that we should do something about it, and that there is for us, and indeed for the country, a fork in the road in terms of attitude. We have the chance to say yes or no in tackling these issues. Some columnists in certain newspapers, most of which we could predict, will say from time to time that we should not take this too far. In fact, they usually have something of merit to say, at least in challenging us before we pick up this agenda too comprehensively or glibly. In my view, if we were to turn away from this and say that it is not worth it, that political correctness has got out of hand, or that the resources are not great enough, we would be letting ourselves and our constituents down.

At the extreme of that attitude, I suspect that quite a number of businesses, particularly but not exclusively small and medium-sized enterprises, and not a few public authorities, would do nothing about this unless and until they were forced to. I happen to know of a recent employment tribunal case—because it involved a constituent of mine—in which the Department for Work and Pensions itself was found to be not compliant, and had to pay compensation to one of its staff. I am not saying that that happens often, but it clearly happened once. It is more likely that public authorities will pay lip service to the new disability equality duty, and then do the least that they can. For example, they will shift budgets to somebody else wherever possible, and take the line of minimal compliance with standards. That, in brief, is what I call the no approach.

I believe that we cannot leave it there. We must be prepared to say yes to disabled people. First, a large part of the population has one disability or another, or a family member or someone for whom they care in that position, or know that they may be in that position in the future. Secondly—and perhaps more positively, given the wonderful concept of reasonable adjustments—disabled people can, are prepared to and want to make a significant economic and wider contribution to society. Finally, there is the moral case. We should be in the business of building a more inclusive and confident society. Nobody should knowingly or wilfully be left out.

5.35 pm

Mrs. McGuire: First, I thank—

Mr. Robathan: With the leave of the House.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The Minister moved the motion, in which case she is entitled to reply to it without seeking the leave of the House.

Mrs. McGuire: I am sure that you would not be surprised, Mr. Deputy Speaker, to know that, as a former Whip, I knew that I had moved the motion to adjourn the House at 12.20 pm, a few hours ago.

I was about to thank the hon. Member for Daventry (Mr. Boswell) for his thoughtful comments in winding up the debate. I shall deal with the specific issues that he raised shortly but his speech illustrated what I tried to say about the Opposition on various occasions this afternoon. I shall embarrass him, but, led by people such as him, the Opposition has come a long way on disability rights. That is worth stating. Although I scratched at a bit of a sore earlier, the road that the Opposition have travelled must be acknowledged and I wanted to do that.

I thank all hon. Members for their contribution today. I agree with the hon. Member for Daventry that the debate has been thoughtful, with some fantastic contributions, regardless of whether it is the right or wrong day to hold the debate. I thank especially my right hon. Friend the Member for Edinburgh, East (Dr. Strang), my hon. Friends the Members for Aberdeen, South (Miss Begg), for Kingswood (Roger Berry), for Blackpool, North and Fleetwood (Mrs. Humble), of course, my hon. Friend and neighbour the Member for Ochil and South Perthshire (Gordon Banks) and last, but not least, my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke). All those contributions were valuable, together with those from Opposition Members.

I should like to comment on some of the major issues that were raised and, hopefully, answer some of the specific questions. In some instances, although they were related to disability and disabled people, they are matters specifically for other Departments. I shall ensure that ministerial colleagues' attention is drawn to those matters.

I congratulate the hon. Member for South-West Surrey (Mr. Hunt) on his first speech from the Dispatch Box. We will give him the card that specifies the difference between incapacity benefit and disability living allowance so that he is well aware of it.

The hon. Gentleman mentioned Scope's publication about access to polling stations, which was a very appropriate subject for comment today. He will not be surprised to learn that we have not been able to verify the accuracy of some of Scope's findings. However, we have taken action to improve disabled access to polling stations. Returning officers are now required to display a large version of the ballot paper, for example. Each polling station must also be supplied with a tactile voting device to assist blind and partially sighted electors, so that they can vote without the need for assistance. For some time, blind voters have been able to take a companion into the polling station to assist them with casting their ballot, rather than having to rely on the presiding officer—a stranger—to help them.

The hon. Gentleman also spoke about a young woman who was injured in the 7/7 bombings in London. I hope that he will understand that it is inappropriate for me to get involved in individual cases; indeed, I am precluded in law from doing so. However, the subject was also raised by the hon. Member for Bournemouth, East (Mr. Ellwood), and I want to place on record that, as of 21 April, about £2 million-worth of compensation has been paid out. Some of those compensation payments are interim awards, for the understandable reason that complex issues relate to the injuries and disabilities caused by the bombing.

We are not complacent about this matter, and the young woman whose case the hon. Member for South-West Surrey raised is a reminder that we cannot afford to be. I hope that her case has also highlighted to hon. Members and to the country the sheer tenacity and bravery shown by many people when they become disabled, even in such horrible circumstances as the 7/7 bombings. The hon. Gentleman also spoke about the man from Buckinghamshire with a learning disability. Obviously, I cannot comment on that, because it is an abuse case that is currently being investigated by the police.

The hon. Gentleman raised a number of other points, but I would like to concentrate on the transport issues that he mentioned, in particular aviation. He will be aware that the Disability Discrimination Act 1995 does not cover aviation and shipping services, but both industries have voluntary codes of practice on meeting the needs of disabled people. The Department for Transport, in conjunction with the Disabled Persons Transport Advisory Committee, is monitoring compliance with the codes, and that work is due to report shortly. The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) also asked a question about that. We are committed to legislating if the voluntary approach proves ineffective.

Several hon. Members mentioned aviation, and pointed out that it involves an international market. In airports, the ground side is covered by our own disability discrimination legislation, but the code of conduct on planes is effectively part of an international discussion. I think that it was the hon. Member for Inverness, Nairn and wherever who highlighted that fact that we raised this issue during our EU presidency.

I do not, however, want to lose sight of the changes that have been made in transport. More than 4,000 accessible rail vehicles have already been introduced into service, and 46 per cent. of our buses are now accessible. I know that that might not be an acceptable statistic to the hon. Member for Blaby (Mr. Robathan), but there we have it. That figure is now rising to 80 per cent. in some of our urban areas.

Taxis are also now getting more accessible. I am sorry that my hon. Friend the Member for Aberdeen, South has left the Chamber, because I remember trying to get into a London taxi with her and other colleagues in 1997. I am not sure whether the Whip, my hon. Friend the Member for Motherwell and Wishaw (Mr. Roy), was there, but my hon. Friend the Member for Aberdeen, South eventually decided that the best way for us all, including her, to get a taxi was to hide her. That is exactly what we did until the door was opened, and before we could say Inverness, Nairn, Badenoch and Strathspey, we were all in the taxi. I hope that the hon. Member for Blaby appreciates that there has been movement.

To come to the hon. Member for Inverness, Nairn, Badenoch and Strathspey, we do need to get a shorter constituency title, although I appreciate that he represents a wonderful part of the country and I do not want to insult it. On the independent living centres, which were referred to by my hon. Friend the Member for Kingswood, the issue of funding was highlighted recently at their own conference in Southampton, which was run in parallel with the Local Government Association and the Association of Directors of Social Services. They are working on a funding protocol, and the Department of Health is linking closely with those developments.

The hon. Member for Inverness, Nairn, Badenoch and Strathspey also raised the issue of the driver refusing to take a disabled passenger. That is unacceptable and there is no excuse for it. I can assure him that the Department for Transport is funding driver awareness videos and the extension of the DDA part III duties will impact on transport in December. That will start to encourage companies to raise awareness.

I want to thank my right hon. Friend the Member for Edinburgh, East in relation to a couple of points. First, he said very kind words about my late father, who was much involved with promoting disabled rights when he was chairman of social work in Strathclyde. Specifically, he prompted some support for BlindCraft in the Glasgow area. I am aware of the work that has been done to turn around the BlindCraft factory outlet in Edinburgh, and I know that my right hon. Friend has been very supportive of it.

My right hon. Friend also made the important point that, for some disabled people, sheltered employment might be necessary. We must look at it as part of the overall menu of opportunities for disabled people. I want to tell him a wee bit of personal history. When I was born, a good number of years ago, I was put in a BlindCraft Moses basket, and very good Moses baskets they were. As a matter of fact, that basket was so old it was probably made by Moses. Thirty years ago, I put my own second born into another Moses basket, because that was the tradition in our part of the world.

I come now to the hon. Member for Blaby. What can I say about him? I think that his motivations are honourable and his instincts are probably right, but—how can I put this nicely?—there are still some steps that he has to take along the road to where some of his hon. and right hon. Friends have already parked themselves.

I fear that the hon. Gentleman tried to imply that there is a hierarchy of disability, although I might have misinterpreted him. I think there are some issues that he needs to reflect upon. However, I welcome his remarks on the work that DFID has done in the developing world and I take very seriously his comment that we need action, not just statements, in that respect.

Mr. Robathan *rose—*

Mrs. McGuire: All right then, I give way.

Mr. Robathan: At the risk of breaking up the love fest, might I take the Minister back to the issue of the Routemaster bus? She seems shocked that people might like the Routemaster, but I would like her to tell me what research was done to find out the opinion of the people of London on whether they thought the Routemaster was good. While it was totally unfriendly to wheelchairs, it had a conductor who could help people with other mobility or sight problems on to the bus. Furthermore, it was a great deal safer for cyclists than the bendy bus. I can tell her that it was much more popular with the people.

Mrs. McGuire: The hon. Gentleman needs to realise that the Routemaster bus, in spite of its historical significance, was not just inaccessible for wheelchair users; it was not particularly friendly to people with other disabilities, and in many respects was probably unfriendly to most of the population. I know that it is a kind of historical icon for him, but I understand that the Mayor of London has said that it can still do heritage tours. I hope that the hon. Gentleman, when he recovers fully from what he said was his temporary disability, will be able to enjoy the Routemaster bus on tourist routes.

I thank the hon. Member for West Chelmsford (Mr. Burns) for his comments on children with dyslexia and dyspraxia, as I am aware of the issues in relation to getting statements for such children. I congratulate him specifically on his comments on mental health and the scaremongering about the development of projects relating to mental health conditions. I have had some experience of that, and I know exactly what he was alluding to. We all need to work together to recognise that having a mental health condition does not make someone a danger to society, a criminal or any less a good neighbour. The most telling fact is that many people in this country think at this point of time that they will never have a mental health condition, but they may develop one. We need to think in those terms. I hope that he will accept that we extended protection under the DDA to people with mental health conditions.

My hon. Friend the Member for Aberdeen, South apologised earlier for that fact that she could not be here for the winding-up speeches. She made an eloquent speech, which came from the heart, as it came from her experience. As I have said, I have had experience of trying to get into taxis with her in London, and I know some of the daily difficulties that she had to face, not just here but in other parts of the country. One of the significant changes down here is that there will no longer be parliamentary receptions, certainly for Scottish MPs, that do not have an accessible venue, because the rest of us will not go to any company's or organisation's parliamentary reception to which she cannot get access.That has changed the mood and the attitude of organisations and companies towards disabled people. I was delighted that she mentioned the devolved Administrations, with which we are working closely, as disability rights is a reserved issue and cuts across all parts of the United Kingdom. I also compliment her on mentioning the Scottish Federation of Small Businesses, which does a significant amount of work promoting the disability agenda among its members.

I was going to compliment my hon. Friend the Member for Kingswood on being another warrior of the 1995 campaign, but in the new consensual environment that I hope that I have established, perhaps that would be inappropriate. I know that he still wears the campaign medal secretly under his jacket. As always, I recognise his valuable contribution to these debates and his continuous promotion of access to work, which, we all agree, is one of the great success stories of the Government. We have quadrupled the amount of money going into it. Yes, we inherited that programme from the previous Government, but in our opinion it was underfunded. Let me say to hon. Members that we do not hide the access to work programme—we spend a significant amount of money promoting it through local medical practices and our disability employment advisers.

I think that my hon. Friend the Member for Kingswood mentioned disability employment advisers. We are trying to ensure that DEAs have the training that is essential to do the work that we want them to do in supporting disabled people into employment.

My hon. Friend made various other points, one of which related to whether the contracts for voluntary sector organisations in programme delivery should be for one year. I assure him that Ministers in the Department for Work and Pensions are awaiting a report on the issue, and acknowledge the importance of some of his comments.

The hon. Member for Bournemouth, East raised issues relating to care home standards. He gave the impression that it was all about bureaucracy, but I would like to think that it is about improving standards. He also referred to specialist schools. We have never said that parents do not have the right to send their children to such schools—there is an understanding that every disabled child should be offered a place in mainstream education—but it is not a case of either/or. The Department for Education and Skills has been trying to develop joint campuses where children can still be given specialist training if that is what their parents want, while at the same time benefiting from the full educational and social experience of being at school. We should bear in mind that years ago children who were taken away from their local communities were not given the rounded education that many deserved, and some of the social interaction that comes from education was not part of their experience.

My hon. Friend the Member for Blackpool, North and Fleetwood made some telling comments about human rights. I know that she is a doughty fighter when it comes to issues relating to disabled people. I shall be interested to see whether she does encourage her colleagues to change the name of the all-party parliamentary group on social care, but the point that I shall retain from her speech is that we should listen to the voice of the child. I agree that that is very important.

I shall be delighted to meet the group from the constituency of my hon. Friend the Member for Ochil and South Perthshire.

I welcomed what was said by the hon. Member for North-West Norfolk (Mr. Bellingham), not least his suggestion that we should parade the message that making reasonable adjustments is good for business.

I have left my right hon. Friend the Member for Coatbridge, Chryston and Bellshill until the end, not because of how I ranked his speech but because I want to pay a special tribute to him. He was a distinguished spokesman on disability rights when we were in opposition. He too is a battle-scarred warrior in the campaign, and I am delighted that as a result of work that he did along with others in the House and outside, we have arrived at a general consensus on disability rights. While there may be subtle differences between us, much of the present political consensus is largely due to people like my right hon. Friend who continued the battle when it was not always easy.

I welcomed my right hon. Friend's comments about the disabled facilities grant and the Employers Forum on Disability. He is right: the best advocates for employers' taking on disabled employees are employers themselves. In my experience many employers have seen the value of stability in their work forces, and have made the necessary adjustments either to retain a member of staff whom they value after that person has developed a disability, or to recruit disabled people. My right hon. Friend has a special interest in people with learning disabilities, and I share that interest with him.

I thank the House for a very worthwhile debate, and leave Members with the words of the chairman of the Disability Rights Commission. When people say to him "I am not disabled", he always responds "Not yet." That is the message that we should all take from today's debate—

It being Six o'clock, the motion for the adjournment of the House lapsed, without Question put.

Adjourned accordingly at Six o'clock.

Westminster Hall

Tuesday 18 April 2006

[MRS. JANET DEAN *in the Chair*]

United Nations Reform

Motion made and Question proposed, That the sitting be now adjourned.—*[Mr. Coaker.]*

9.30 am

Dr. Roberta Blackman-Woods (City of Durham) (Lab): It is a pleasure to serve under your chairmanship, Mrs. Dean. The request for this Adjournment debate arose from the visit a number of hon. Members made in January to the United Nations headquarters in New York. I thank the Minister and his officials for arranging that visit and supporting us so effectively. The purpose of the visit was to learn more about the UN and to consider the challenges that it is facing. It was also aimed at increasing our knowledge of the importance of UN reform and how the process of reform is developing.

At the outset, it is worth saying that the visit was extremely useful. The group decided on our return to do what we could to raise the profile of UN reform with our fellow MPs; hence today's debate. It is always important for MPs to learn more about the UN, but the timing seemed particularly acute because of the proposals for reform agreed at the world summit in September 2005—an important year for the UN as it saw its 60th anniversary. Obviously, that gave added impetus to the process of reform.

In broad terms, the summit agreed that reform should happen across a number of fronts simultaneously. The first tranche covered institutional innovations, such as establishing the Peacebuilding Commission and reforming the Security Council. There was then a second tranche about management and secretariat reform, such as reviewing existing financial and human resource rules, and budgetary review. A third tranche concerned policy co-ordination.

The wide-ranging reform package is intended to make the organisation more fit for purpose for 21st century needs. The role of the UN is a changing one, and has been changing especially in recent years. Kofi Annan, the Secretary-General, has summarised the changes thus:

> "In the 16 years since the cold war ended, the Organization has taken on more than twice as many new peacekeeping missions as in the previous 44 years . . . Over half of its . . . civilian staff now serve in the field—not only in peacekeeping, but also in humanitarian relief, criminal justice, human rights monitoring and capacity-building".

That is the background, but there are other reasons for the need for reform. We look to the UN to prevent conflicts, broker solutions to disputes, lead the fight against world poverty, disease and malnutrition, and tackle environmental issues, especially climate change. There are also concerns about the UN's past failure to respond effectively to crises such as Bosnia, Rwanda and Darfur, not to mention the thorny issue of Iraq.

In order to respond to these issues and challenges, the Secretary-General put together a high-level panel to consider reform, which published a report in December 2004. The reforms were outlined at the world summit, and they largely followed the report but with some changes. We can conclude that the expectations of the role that the UN can and should play have never been higher. The reform programme is essentially about trying to deliver a UN that can meet current and future expectations.

Opinion about whether the reform programme goes far enough is varied, with probably about 191 versions—one or more for each member state. The Secretary-General has expressed his unhappiness that it has not gone far enough, especially in tackling the non-proliferation of nuclear weapons and other weapons of mass destruction. That is pertinent at present, given the situation with Iran.

In general, there seems to be a degree of agreement that with so many different—and often competing—agendas at the UN, it is perhaps surprising that reform has got this far and that it is so wide-ranging. There is even a website that documents the process of UN reform. Our Library has put together an excellent briefing, which I am drawing heavily on in today's debate. I am also relying on the report put together by my hon. Friend the Member for Gedling (Mr. Coaker) on behalf of the group who attended the UN in July.

Where are we now with the reforms? I hope that the Minister will ultimately answer that question, but I have a few issues to throw out for consideration. First, I want to centre on the tranche of work on institutional innovations. That sounds as though it could be quite a minor task, but it is absolutely huge. It includes putting together the Peacebuilding Commission, the human rights council and the central emergency response fund and tackling Security Council reforms, the mandate review and the General Assembly review.

I will turn first to the Peacebuilding Commission, which was created in December 2005, just before our visit. It aims to fill a gap in bringing together relevant actors and resources to advise on and propose integrated strategies for post-conflict peace building and recovery. That is an enormous task. Negotiations are continuing about representation on that, and I would appreciate an update from the Minister. It is fair to say that the group saw the establishment of the commission as an important step forward for the UN. We were a little surprised to find that 18 peacekeeping missions are taking place.

In the many meetings on the topic that we attended, there was complete agreement that security and development needed to go together hand in hand. It was hoped that by co-ordinating post-conflict work more effectively in a country through the Peacebuilding Commission, some of the issues underlying conflict might be addressed, which might reduce the likelihood of conflict erupting again.

It is worth looking at Sierra Leone as an example of a country that the UN is due to leave in the near future and where the Peacebuilding Commission may have a role. We discovered when we were at the UN that there was some uncertainty about what the UN's leaving would mean for Sierra Leone. The ambassador was unsure not only of the possible consequences, but of the time scale. A ministerial update would be helpful, in particular a comment about how the Peacebuilding Commission could help.

[Dr. Roberta Blackman-Woods]

Most importantly, the Peacebuilding Commission is seen as a vehicle for reconstruction post-conflict, to co-ordinate the multiplicity of institutions that can become involved in reconstruction. It would be interesting to know whether other agencies, including non-governmental organisations, are willing to co-operate with the Peacebuilding Commission's activities.

I move on to the human rights council. When we visited New York, one of the issues that was causing greatest concern was the establishment—or rather, the lack of it, at that stage—of the human rights council to replace the largely discredited UN Commission on Human Rights. The issue was raised by a number of countries, and it was clearly divisive. The establishment of the council was eventually agreed on 15 March 2006. The new council will be smaller than the commission, with improved status as a subsidiary of the General Assembly rather than the Economic and Social Council.

The human rights council's membership is still being debated. Notably, the United States opposed its formation because members will be elected by simple majority rather than the two-thirds favoured by America. Elections are scheduled for 9 May. America argued for the two-thirds majority because a simple majority vote for membership would enable rogue states to become members, and the presence of rogue states in the membership of the commission had been responsible for eroding its credibility. Despite that view, some changes have been made, however, and members that commit gross or systematic human rights violations can now be suspended by a two-thirds vote, although we shall have to see whether that happens. However, there is probably some relief that the US is still on board to the extent that it is applying for membership and giving financial support. I am sure that the Minister's comments on how he sees the human rights council developing will be interesting.

John Bercow (Buckingham) (Con): I hope that the hon. Lady and other colleagues concur that it is welcome indeed that the original muted suggestion of automatic, universal council membership has been abandoned. Would she also agree that it is important that neither geography nor the principle of Buggins's turn should determine the chairmanship, which should be determined at least in part by the behaviour of the state involved?

Dr. Blackman-Woods: I absolutely agree and I shall come to some of those points when I discuss the appointment of the new Secretary-General.

The idea for the central emergency response fund was very much pushed by the United Kingdom Government. Incidentally, the group got the impression at the UN that the UK Government were very highly regarded because of their efforts to push forward not only the central emergency response fund, but the reform agenda more generally. The aim of the fund is to improve the UN's ability to respond rapidly to humanitarian crises by ensuring that critical funding is available immediately, and I am sure that all hon. Members would welcome that. The fund was officially launched on 9 March, and the Secretary of State was much involved. The fund can receive donations from corporations and individuals, as well as Governments, although the UK Government are currently the largest donor.

As we saw during our visit, the issue of the new human rights council led to heated debate, but that pales into insignificance beside the debates and competing views about Security Council reform. Indeed, so many different views were expressed that I hardly know where to start summarising them. None the less, I shall try, and the Minister and others can add to, correct or amend what I say, as necessary. There seemed to be little consensus about the number of new permanent members and who they should be, whether new permanent members should have a veto, whether current permanent members should maintain their veto, what the number of permanent members should be, whether there should be new non-permanent members, and if so, how many. The list went on and on; there was very much a lack of consensus, with many competing and contested views. Currently, about six different draft resolutions for increasing the number of permanent and non-permanent members are on the table for discussion, and we shall have to see how the international debate on them plays out. Again, the Minister may be able to give us an update.

One positive point to arise from reform of the Security Council is the extension of the mandate to include a responsibility to protect. Establishing such a responsibility addresses the anti-genocide clause in the world summit report of September 2005 and recognises the need for the international community to act if states fail to protect their populations from war crimes, mass abuse of human rights, genocide and other crimes against humanity, such as ethnic cleansing. It is also intended to respond to some of the UN's previous perceived failures in handling crises in Bosnia and Rwanda. Again, it is very much to be welcomed.

On mandate review—

The Minister for the Middle East (Dr. Kim Howells): Before my hon. Friend moves on, let me say that I am particularly interested in that aspect of the visit undertaken by her and her colleagues. Did she sense that there had been any movement on the debate about the appropriate moment for the UN to act when it perceives that the population is not being properly protected or is being abused?

Dr. Blackman-Woods: We had some discussions about that, but the view at this stage is that it is important to put in place the principle and the recognition that the UN must be able to intervene in countries before there is mass starvation or ethnic cleansing. To my recollection, however, we did not discuss the exact trigger for that intervention, although other hon. Members might correct me on that.

On the mandate review—

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am grateful to the hon. Lady for giving way, because the Minister has raised perhaps one of the key points about the issue of UN reform. Our group discussed the responsibility to protect, which features in our report, but the whole matter was encapsulated in our

discussions with the Kenyan permanent representative to the UN. Leading him on, I asked, "Should we have intervened sooner in Darfur?" and he said, "Yes." I asked, "Should we be intervening in the possible dispute between Ethiopia and Eritrea?" and he said, "Yes." I then asked, "Should we have intervened earlier in the Zimbabwe situation?" and I got a great deal of waffle. In the middle of it, however, was the word "solidarity", and that is the problem with the UN organisation: there are too many vested interests, so it is difficult to achieve agreement between 191 nations.

Dr. Blackman-Woods: I thank the hon. Gentleman for that most helpful intervention. Those discussions did indeed take place.

Let me move on, however, because I am anxious for other hon. Members to have an opportunity to participate.

Peter Bottomley (Worthing, West) (Con): I am grateful to the hon. Lady for giving way, particularly because I must go to a planning inquiry in my constituency and cannot stay to the end of the debate. Does she agree that the difficult cases that my hon. Friend the Member for Cotswold (Mr. Clifton-Brown) rightly mentioned should not prevent us from trying to agree internationally about what should have happened in cases where the international community clearly failed? We could then start to make significant progress more often in more places, and such action would be necessary on fewer occasions.

Dr. Blackman-Woods: I absolutely agree. The group concluded that the duty to protect was an important step forward for the UN. It is important that there is continued discussion about how best to intervene and that there is dialogue with some of the countries that are affected so that we can find a way forward.

I shall not dwell too much on mandate review. It is a bureaucratic task, but we came to see it as increasingly essential in terms of reform. The remit is that all mandates that are older than five years should be reviewed.

John Bercow: I am extremely grateful to the hon. Lady for giving way, because I know that she wants to make progress, but can I press her a little on the responsibility to protect in relation to Darfur? Does she believe that there is now a challenge to show whether the responsibility to protect is a serious attempt to prevent genocide or simply a rather vacuous exercise in moral posturing? Surely, the purpose of intervention should be not to minimise casualties, but to stop violence and, where necessary, to enforce peace.

Dr. Blackman-Woods: I absolutely agree. Again, the group's view was that the responsibility to protect was an important step forward for the UN. Our collective view was that it will not get us anywhere if is just words; it must be backed by action, and that means taking some tough decisions. Indeed, our view of the whole reform process was that it should enable tough decisions to be taken more quickly and readily.

I know that mandate review is boring, but perhaps I can return to it for just a moment. Not only does the UN have too many mandates, but those mandates do not have time scales, and they are continually added to—or are not removed. In a sense, they clutter the UN agenda. In his preliminary report, the Secretary-General said that the reporting mechanisms were burdensome, that there was too much overlap and an unwieldy and duplicated architecture for implementation, and that there were gaps between mandates and resources.

Straightforward as the task may appear—it would seem to be a bureaucratic tidying up—we were again surprised at the suspicion that the process engendered in some member states. I understand that some progress is now being made, but we were genuinely shocked at how even that fairly bureaucratic process was being contested.

The second main problem is with the overhaul, oversight and audit arrangements. Almost every element of that aspect of reform produced suspicion in some quarters. For instance, we might think that forming an ethics office would be fairly straightforward. We would be wrong. It was as much bound up in conspiracy theory as major reforms, such as that of the Security Council.

Nevertheless, and despite the tensions, an ethics office has been established and a whistle-blower policy has been agreed, as have policies on preventing fraud and corruption and so on. There will also be a review of existing financial and human resources, although as a recent review in *The Daily Telegraph* by Francis Harris demonstrated, there is still some way to go. Staff reacted angrily to Kofi Annan's proposals to overhaul the secretariat, and an update on that from the Minister would be useful.

The last main area is policy co-ordination. In February, the Secretary-General put together a high-level panel to tackle the problem, so it was very much the topic of conversation while we were there. It will lay the groundwork for a fundamental restructuring of UN operational work. The panel is expected to complete its work in the summer—it is good to have such a short time scale—and its recommendations will go before the General Assembly in September. It is a 15 member panel, and the UK is ably represented by the Chancellor of the Exchequer.

I turn briefly to development. Undoubtedly a great deal of reform was geared towards delivering on the millennium development goals. However, getting development agencies such as UNICEF, the World Food Programme and the UNDP to work together more closely seemed to be fraught with difficulty. Again, I hope that the Minister can update us on that. We were pleased to see so much emphasis being placed on delivering on the millennium development goals. The hon. Member for South-West Bedfordshire (Andrew Selous), who was with the delegation, pushed strongly on climate change, and I am sure that he will want to say something about that.

An important challenge will be the appointment of the new Secretary-General. The dilemmas facing the UN in that respect were excellently summarised in a recent article in the *Financial Times* by Lord Hannay of Chiswick, who stressed the need for transparency, the need to get the best person for the job regardless of region and the need for that person to have a policy platform. One innovative idea was that the Secretary-General should serve one seven-year term rather than

[Dr. Blackman-Woods]

two terms, so that he did not have to pander to the needs of particular sections or blocs to get re-elected. Some of those ideas are worth discussing.

Mr. Clifton-Brown: I am grateful to the hon. Lady for giving way so generously, especially as she initiated the debate.

It seems to us that reform is fraught with controversy because of vested interests—for instance, Brazil being blocked by Venezuela. Does the hon. Lady agree that, when we come to budgetary talks, there is a great need for more nations to contribute to the UN? How can they be expected to contribute more to the UN if they are not allowed to participate in greater numbers at the Security Council?

Dr. Blackman-Woods: The hon. Gentleman makes a valid point. It underpinned our discussions with a number of countries that feel left out of that core group, and the reform process will have to address that point.

I turn to our overall conclusions. At times, we saw the process as being very much like a huge tanker with ships attached to it trying to turn around against a gale force wind. That might be an exaggeration, but progress seemed at times to be frustratingly slow.

We also felt that bloc prejudices got in the way of rational discussion. I know that it is politics, and that one should not let the facts get in the way of a good argument. However, it seemed to us that such prejudices were preventing important discussion on key issues. We certainly witnessed the playing out of the starkly based divisions on north-south and east-west lines. That was evidenced in our discussions on such matters as ethics, human rights reform, peace building, Security Council form and mandate review.

Amid all the suspicion and contestation, progress has taken place. That leads me to wonder whether, underneath the posturing and rhetoric, there is a deep understanding that if the reform progress were to fail and the UN failed with it, it would be not only a missed opportunity but a catastrophe for humankind's ability to tackle global issues and concerns such as climate change.

Time and again, we heard that if the UN failed it would have to be reinvented. However, it seemed that the precious nature and fragility of the institution was not always fully appreciated, and with that comes the recognition that the UN needs to change if it is to survive. That will doubtless mean that the various blocs and factions will need to change.

I do not want to end on a negative note. We saw much in our visit to inspire, and dialogue is at least taking place. Improvements are happening, albeit slowly, and in the current climate that must count as progress. We saw a number of ambassadors during our visit, and I thank them. I also thank everyone who contributed to our discussions and information-gathering tasks, particularly Tony Kay of the Foreign Office and Emyr Parry Jones, our ambassador to the UN, for his effective support.

Several hon. Members *rose—*

Mrs. Janet Dean (in the Chair): Order. Before I call the next speaker, I remind Members that I intend to call the Front-Bench spokesmen at 10.30 am.

9.58 am

Andrew Selous (South-West Bedfordshire) (Con): It is a pleasure to contribute to this debate. The debate is long overdue, and I hope that I am not alone in thinking that it should be an annual fixture, and held more properly on the Floor of the House. Every year, we debate our relations with European Union, and it is right and proper that we should do so. It is an important international organisation, and we are part of it.

As a permanent member of the Security Council, and with the United Nations taking such incredibly important decisions, I would certainly welcome an annual debate on the UN on the Floor of the House. Judging from the nods that I see from all sides of the Chamber, I think that we might seek that through the powers that be. We could ask the Leader of the House whether that can be brought about, because it would spread an interest in and a greater knowledge of the UN among all Members. That would help bring pressure on the Government of the day to ensure that the UN moves forward, as it must. Reform is being examined closely across the organisation. It is absolutely right and proper, so that the UN can focus on what it needs to do and to do it as well as it can.

A one-page sheet of all the different UN organisations was helpfully given to those of us who visited the UN earlier this year. There are quite a number of them, many of which, I suspect, most of us have never heard. For example, there are regional commissions that report to the Economic and Social Council. Were Members present aware that there is a UN Economic Commission for Europe, which is known as the ECE? I wonder whether it has ever come into the consciousness of anyone present from a news report of something that it has said or because of any useful contribution that it has made to debate on economic affairs in this continent of ours. I confess that the first I heard of it was when I looked down the sub-divisions of the regional commissions, of which there are four across the world, with a budget of $50 million or so. We need to question the value of such parts of the UN organisation, and whether that money would be far better spent on the front line of development or peacekeeping work, where it is really needed and would really make a difference. I hope that every part of the UN structure is considered in the reform.

Mr. Clifton-Brown: I intervene before my hon. Friend moves on from the subject of regional commissions, as I had hoped that he might mention the UN Economic and Social Commission for Western Asia, which is based in Damascus. It has a budget of $50 million per annum and the tallest building in that city, but has never, to my knowledge, produced a single report. That is an example of where the UN is in desperate need of reform.

Andrew Selous: I am grateful to my hon. Friend. He adds further evidence to my point. I think that the commission's headquarters may be in Beirut, rather than Damascus, but his point is absolutely right none the less. There is a sense that such organisations exist just to give jobs to senior UN diplomats, or to reward certain countries which believe that it is their turn, or right, to have an important international post. It is right and proper that there should be international parliamentary scrutiny of such organisations, so that we

can get rid of them if they are not justified. If they are justified, let us see what they are doing and make use of their reports, but if they are not worth the considerable sums that go into their budgets, they should properly be got rid of.

The UN gets a bad press from time to time because of issues of malfeasance and financial irregularity, on which it is right that there should be a spotlight. I understand that the financial reporting limit for gifts to UN staff members is $10,000, which seems extraordinarily high. Certainly, for this country and many others around the world, that is a considerable sum. The UN should focus on small points such as the need to clean up its act and make sure that it is properly immune from charges of acting in an irregular manner. I hope that the current review will look into that.

Dr. Howells: I am intrigued by the hon. Gentleman's point. Is $10,000 the limit on the value of a gift, or the point at which the UN representative must notify Kofi Annan that he has received the gift, in which case it could be much more expensive?

Andrew Selous: The Minister is right to press me; unfortunately, I cannot give him further detail. The five of us who visited the UN were given that figure by the assistant United States ambassador to the UN. Feeling quite moral and upright, I replied that the limit in the UK Parliament is only £250 per gift, but I had the ground cut from under me when the American deputy ambassador replied that it is only $250 for American politicians—so, in America, they have even higher standards than us. I am sure that the Minister can find out further details through his officials and our excellent mission to the UN in New York, and ensure that the UK lobbies on that point as part of our reform negotiations.

I shall address the three areas on which the UN concentrates. On the first page of the UN charter, its purposes are helpfully laid out, the first of which is peacekeeping—or maintaining "international peace and security", as the charter puts it. For all the criticism that comes the UN's way, it is not well known that it has 85,000 personnel—troops and military support staff—deployed across the world, keeping the peace in 18 different operations. By any yardstick, that is a formidable achievement, which the UN would do well to speak of more. If people knew that it has that level of commitment across the world, they would be extremely impressed.

Will the Minister tell us, in his reply, whether the UN has ever, to his knowledge, been short of either the number of troops that it needed on the ground, or of specific types of troops to mount peacekeeping or other UN operations? It has occurred to me from time to time that it is a slightly chaotic system, given that despite the UN's significant military presence in many countries, it does not have the ability to call, in some systematic way, on military support. Will the Minister tell us whether that has caused difficulties for the UN and is an issue? Does he think that there should be a formal mechanism to ensure that it has under its command the troops that it needs to mount such operations, or at least at its disposal the ability to call on them in a fairly ready and easy manner?

John Bercow: Does my hon. Friend agree that a particularly apposite example of an inadequate force, in terms of both mandate and numbers for the task that needed to be fulfilled, was that in Rwanda in the early 1990s? That was an indictment beyond expression of the world as a whole. If he has not yet read "Shake Hands With the Devil" by Lieutenant-General, Roméo Dallaire—I rather suspect that he has—I tell him that it is a very good and searing read.

Andrew Selous: My hon. Friend is more than generous, as always, and credits me with having read a book that I am ashamed to confess that I have not yet read. It will have to be summer reading, as it has obviously escaped my Easter reading pile. Hopefully, there will be time to make up for that.

My hon. Friend again makes an important and serious point. What happened in Rwanda is a scar on the conscience of the whole world, and is something that we must never allow to happen again. I know that the horror of what happened there motivates my hon. Friend and many others in keeping a beady and watchful eye on what is happening in Darfur. Indeed, I am interested to know whether he thinks that the UN has all the necessary troops on the ground in Darfur to ensure that things run there. He indicates that he does not think that it has, which, perhaps, makes my point. I am, of course, aware that there are political considerations: the UN might be able or want to put more troops in, but might be prevented by the political situation on the ground or arguments within the African Union.

The second main purpose or pillar of the UN is human rights. That was achieved only by the considerable efforts of a very doughty lady—Eleanor Roosevelt—in the late 1940s and 1950s. She fought passionately to ensure that the promotion and safeguarding of human rights across the world was a fundamental and principal part of the UN's remit. It is surprising that the money spent on human rights has only just gone past 1 per cent. of the UN's total budget. Last year's summit brought about the responsibility to protect, which is a step forward in philosophical and political terms. It puts an obligation on Governments across the world to prevent genocide and to look after their own people rather than abuse them. The question is how to enforce it on the ground.

One of the most disappointing meetings that we had in New York was with a senior official of Mrs. Arbour, the United Nations High Commissioner for Human Rights. When we pressed him about how the responsibility to protect would be enforced on the ground the response was vague. I, like most Members present, did not come away from that meeting with any confidence that there were real teeth to this measure, that it could be enforced and would mean something, and that there were mechanisms in place. We were unsure whether a ratchet effect would occur if a Government ignored the responsibility to protect. My hon. Friend the Member for Cotswold (Mr. Clifton-Brown), who accompanied us on the trip, put his finger on that in his intervention on the hon. Member for City of Durham (Dr. Blackman-Woods). There was talk about a sense of solidarity, particularly among some African countries.

It is high time that we started to name and shame some of the countries in the United Nations who are voting against resolutions on human rights issues. The

[Andrew Selous]

European Union has done good work trying to raise several such issues at the United Nations; it has recently done so on Iran, Burma, North Korea and Uzbekistan. The United Kingdom played an important part in getting the issue of the house clearances in Zimbabwe raised at the United Nations not so long ago. All credit to the Government and to our staff in New York for bringing that about. I understand that nine countries voted for in respect of that in the Security Council. None the less, five—Russia, China, Algeria, Benin and Tanzania—voted against. In addition, Brazil abstained, even though it would like to be a permanent member of the Security Council.

It is high time that the actions of countries in the United Nations such as those are well known and well publicised. Every time a delegation of parliamentarians, sports people or business people from those countries comes to this country it should be asked why its Government have voted against protecting the human rights of some of the most downtrodden peoples in the world.

Things can change, albeit slowly. Governments are not immune from pressure from their own people. We must get the facts more out in the open. They need to be much better known, so that we can bring pressure to bear on such Governments. It is high time that that was done. I hope that our Government can do their part to publicise how some countries are acting in the United Nations.

The third pillar of the United Nations is humanitarian development. The start of the charter of the United Nations talks about its purposes and puts this in rather roundabout terms. It talks about "international problems" whose nature is

"economic, social, cultural or humanitarian".

International development rightly falls within that phrase. The United Nations properly devotes a considerable amount of its resources—for example, its personnel and management time—to development work.

It seemed to us all that there is a proliferation of UN organisations. It is not necessary to have a massive cull of them, because there are small or specialist organisations that it is right to keep. One such example would be the World Health Organisation. Such organisations are internationally respected and do an extremely good job. However, the case for some form of rationalisation and for some form of proper reporting structure at least is clearly overwhelming.

There are currently 12 different UN agencies working in Tanzania—to name but one country—all of which have different reporting lines and so on. If one talks to UN staff at headquarters in New York about the development work that they are doing, one finds that they sometimes despair about the separate fiefdoms that the UN maintains. One former UN Secretary-General referred to the heads of the main UN agencies as being barons in respect of the power that they exercised over their organisations. There is no doubt that the UN's work would be better focused if there were better co-ordination and clearer reporting lines. Less developed countries should have a clear head of all UN operations within the country accountable to the Government as a whole. I hope that our Government will press for that.

I shall discuss climate change in relation to the purposes of the UN and the reform programme that is occurring. It should come as no surprise to any of us that climate change does not feature at all in the UN charter, because it was not an issue when the UN was being founded in San Francisco in 1946, shortly after the second world war. The UN is the only organisation in the world with the international scope and moral authority to take all countries to task on the issue. We asked senior UN officials about it when we were there.

The UN, to some extent, has a role in tackling climate change; the recent Montreal meeting was known as the 11th conference of the parties to the UN framework convention on climate change. However, no one would pretend that tackling climate change is a central core purpose. There is a principal thrust to what I want to say. The UN currently has three pillars: international peace and security, human rights and development. They should be in place, but the case is overwhelming for adding a fourth pillar and making tackling climate change and safeguarding the future of our planet a principal and primary purpose of the UN.

No other organisation will have the moral authority in that area. The G8, and the Kyoto protocol and other international agreements, have some merit in this respect, but the UN has an unparalleled and incredibly privileged position to speak with amazing authority to every country. It can monitor what is going on, rank how countries are performing in this area, encourage the development of technologies, and name and shame countries that are emitting carbon way above limits agreed on on an international basis.

Among the many UN organisations is the World Meteorological Organisation, which is based in Geneva. I was alerted to its existence by someone who is shortly to move into my constituency. He is something of a climate expert and he suggested that that organisation should be given greater prominence and should take the lead as the key UN body to take us forward on the issue of climate change. I hope that the Minister will give us some comfort that the Government are seized of the importance of this issue.

10.20 am

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I shall be brief, as I arrived late, for which I apologise to my hon. Friend the Member for City of Durham (Dr. Blackman-Woods). I congratulate her on securing this debate.

I shall begin my brief contribution by referring to some words of one of the first Secretaries-General of the United Nations, taken from his spiritual treatise "Markings":

"Never look down to test the ground before taking your next step. Only he who keeps his eye fixed on the far horizon will find his right road."

However, it is important that we also look at the steps in front of us, and the reform process that my hon. Friend was outlining as I entered the Chamber is absolutely to do with that.

I was particularly taken with my hon. Friend's reports on her recent visit to the UN. I visited it in 2000; I was similarly struck by how it had grown like Topsy, and there seems to have been no pruning in the intervening years. However, I admire the work of Kofi Annan and

the high-level panel. Members have been a little critical in this debate, but appendix 1 of part E of the very good Library briefing lists various areas of reform: "Institutional Innovations", "Secretariat/Management Reform/Oversight" and "Greater Policy Co-ordination". Therefore, a range of things has been achieved in short order compared with how things have historically happened in the UN, so we should not be too down-hearted about the progress that has been made.

I wish to make one key point about the Peacebuilding Commission, which I hope will provide much of the framework for ensuring that the UN's reform process delivers on the ground. Now that it has been established, will the Minister tell us what he thinks are the prospects for it doing robust work in this area? It will set out benchmarks and help things to happen over time in a way that, perhaps, has not been built into the work of the UN before. In the past, when a crisis has emerged and the response has been made, many parts of the UN have kept tabs on what has been going on, but not in a coherent way, and not at the top level. I hope that the Peacebuilding Commission will help us to do that. We can commend the direction of travel that has been identified and mapped out.

Harking back to the contribution of the hon. Member for South-West Bedfordshire (Andrew Selous), I agree that many aspects of what the UN currently addresses, such as the environment, are to do with scientific matters that were not envisaged at the time when the UN was set up. That is particularly the case in respect of the way in which the environment can impact on poverty and development across the piece. Can the Minister tell us what we are doing to ensure that good advice is available when and where it is needed? I understand that the Department for International Development has appointed a scientific adviser, and that the UN agencies, the World Health Organisation and UNESCO are now doing a bit better in this regard.

I shall now conclude, because I know that at least one other Member wishes to make a contribution.

10.24 am

Mr. Mike Hall (Weaver Vale) (Lab): I am surprised at your choice of the order of speakers, Mrs. Dean, as I was present from the start, and I have been left with little time to say what I want to say about this delegation to the United Nations, of which I was a member.

I thank my hon. Friend the Member for Gedling (Mr. Coaker) for organising the trip. It was an eye-opener for me. I had taken considerable interest in the UN, but I had not seen it at first hand, and I count it as a privilege to have been a part of the delegation, which visited it in January.

As I must truncate my remarks, I will first refer to the work done on our behalf by the ambassador, Sir Emyr Jones Parry, and Mr. Tony Kay of the Foreign Office. They put together a fabulous programme. I might be corrected on this, but I think that we had 14 meetings in four days—which was a very light and moderate programme. If anybody wants to go to a restaurant in mid-Manhattan I recommend Positano—a rather economical restaurant, where the prices might even surprise the hon. Member for Cotswold (Mr. Clifton-Brown).

While we were there, we managed to meet three and a half permanent members of the Security Council: Sir Emyr Jones Parry, Mr. Denisov, the Russian ambassador, the Chinese ambassador, and the deputy ambassador of the United States. The only people we did not get to meet were the French. I do not know whether that says something about our relations with France.

Our meeting with the ambassador for China was the most unbelievable meeting I have ever attended. It was led by the leader of our delegation, my hon. Friend the Member for Gedling. The ambassador referred all his remarks to us via him. We were interested to know what the UN was going to do on reform of human rights, because that is an important issue. One of the basic human rights is the right to self-determination, which is, of course, denied to the people of Tibet. That is a pressing issue. I asked the ambassador for China about his views on extending democracy to Tibet, and he told me that it already had it, which was a surprise to me, because I did not think that the Tibetans had self-determination. The recent decision to erect a massive statue of Chairman Mao in Tibet is also, perhaps, an affront to the Tibetan people.

We did not get a chance to address the issue of Burma. The UN has a great deal of work to do on human rights in that country. That is a serious matter, and I know that our Government have made great efforts to take it forward.

I have three remaining minutes, and I wish to press the Minister. I know that the UN charter was drawn up 60 years go, but even in its reformed state following the crisis where it failed to follow up UN Security Council resolution 1441 on Iraq and subsequent developments in the 21st century, I do not think that the UN is a panacea for all the global problems that we currently face. It has been mentioned that there are 18 zones of conflict, with 80,000-plus UN military and civilian personnel active across the world. Ten years ago, $9 billion was spent; now, $18 billion is being spent, primarily on trying to involve them in conflict resolution. What we need is a proactive—rather than a reactive—organisation that gets into countries and regions where there are crises.

It is in that regard that the African Union must deliver, by playing its part in attempts to resolve conflicts in Africa, where we face huge problems to do with AIDS, the lack of education and the achievement of the millennium goals. I have been extremely disappointed in the role South Africa has played in trying to resolve the conflicts in that continent. It should have done much more over Zimbabwe, and it could certainly be more active now in respect of Kenya.

In the middle east, Hamas made ridiculous statements yesterday welcoming the Tel Aviv suicide bombers. We have a new Israeli Government who will try to determine their borders without negotiation, which is a backward step. We have real problems with Syria and Lebanon. We have problems to do with Iran and North Korea, in terms of their attempts to establish a nuclear energy policy or a nuclear weapons policy. We also have UN representatives in Afghanistan and Iraq. We have problems in Chechnya, too, and we have had problems in Niger. We face serious issues, some of which the African Union needs to address. It ought to try to exploit the activities of the Egyptian Government—a

[Mr. Mike Hall]

secular Government of a Muslim country that has good relationships with both sides in the middle east. It can speak to Iran about its actions in respect of nuclear weapons; that is how it could help to take this agenda forward. We need to redefine the UN—to state what its proactive role is in its global activities.

I will finish on climate change. We arrived in New York on a sunny spring day; the day after, there were sub-Siberian weather conditions. After that, there were hurricanes and monsoons, and then it returned to being quite nice weather. There are those changing conditions in the United States; there are floods in the Balkans; and there is drought in Africa. If the United Nations does not think that climate change should be on the agenda, it really ought to think again.

Mrs. Janet Dean (in the Chair): Before I call Mr. Michael Moore, I should say that although there is no absolute need for Back-Bench Members to give a note to the Chairman requesting to speak, the only one from whom I had a note was Linda Gilroy. That is why I called her before Mr. Mike Hall.

10.30 am

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): This has been an important and impressive debate. Like others, I pay tribute to the hon. Member for City of Durham (Dr. Blackman-Woods) for securing the debate and setting out the issues so comprehensively at the outset. I extend that tribute to those who went on what was clearly a worthwhile visit to the United Nations. I echo the comments made about the value of going to the UN to see for oneself its range of activities and its complexities. I certainly gained enormous benefit from going there myself a few years ago. In common with others, I pay tribute to British diplomats and officials in the UN for the excellent work that they do, day in, day out. The fact that Britain punches above its weight is in large part due to the skills, expertise and approach of our diplomats in important places such as the UN.

I shall pick up on a point made by the hon. Member for South-West Bedfordshire (Andrew Selous) about the prospect of an annual debate on the UN. I have recently returned to the foreign affairs brief, but I recall that just over a year ago the current Minister for Higher Education and Lifelong Learning pledged that there would be such a debate—and, indeed, for two years we have managed to secure one, albeit usually in Westminster Hall on a Thursday afternoon. Nevertheless, that is important, and I hope that today the Minister will confirm that it is still the practice and the intention of the Government to provide such debates.

The United Nations matters more than ever because of the uncertain nature of our world; collective security is vital to us all. It also matters because, as contributors have said, there is still the huge issue of the lack of human rights and democracy across the globe; that remains an absolute disgrace. The inequalities of wealth and opportunity in different continents is, to borrow a phrase already used once this morning, a scar on the conscience of us all.

The hon. Member for South-West Bedfordshire was slightly critical of the prosaic language in the UN charter about the different pillars of the organisation. I refer him back to the preamble, in which the lofty ideals of the representatives in San Francisco are set out in slightly better language, which says,

"to save succeeding generations from the scourge of war . . . to reaffirm faith in fundamental human rights . . . and . . . to promote social progress and better standards of life in larger freedom".

Those ideals are still relevant today, across the world. Recent debates about reform of the UN have brought them into even sharper focus.

In a recent speech to the British Council, Mark Malloch Brown—the new deputy Secretary-General of the organisation—stressed the centrality of security, development and human rights to the reform programme that is now under way, following the world summit last autumn. He emphasised that reforms had to be underpinned by radical change in the organisation and in the management of the UN itself—a strong theme in our debate this morning.

The oil-for-food scandal undoubtedly rocked the UN, and it lapped uncomfortably close to the Secretary-General himself. To his immense credit, he has not shied away from facing the weaknesses and rot that were exposed by that scandal and others referred to this morning. He will need strong support from Governments such as ours if he is to carry out the painful processes that he has outlined and now seeks to implement.

It is always pretty easy to set out a list of the failures of the UN, or the differences between its high-blown rhetoric and the often grubby reality. On security, there have been failures in Rwanda, the Balkans, the Congo and now Darfur; on human rights, there is the embarrassment and disgrace of the old commission's having Zimbabwe and Libya as members; on development, there is the horrible reality that we are barely on track to meet the millennium development goals—the basic targets set in a flurry of good intentions five years ago—by 2015. Also, as contributors to the debate have stressed, there is a worrying lack of attention to perhaps the most important challenge for all of us, climate change, which we need to tackle with great urgency.

The attempts at reform are well documented. The high-level panel and the world summit last year got that process firmly under way. The world summit was a mixed bag, perhaps reflecting the mixed motives of the participants. However, we should recognise the achievements, not least of which is the fact that a debate was started on intervention for humanitarian purposes—the so-called "responsibility to protect". Also, a peace-building commission was set up, and—not at the time, but subsequently—there was agreement on the human rights council. Also, a new emergency development fund was created; the UK has led the way in terms of its contributions to it. I pay tribute to the Minister and the Government for that.

Alongside those strengths of the summit, there was a worrying failure to tackle the issue of the proliferation of nuclear weapons, or to make any mention of disarmament. Even the Secretary-General himself branded that "a real disgrace". Also, the issue of pre-emptive strikes—which have undermined the United Nations since the war in Iraq started some three years ago—was not referred to. Although there was unqualified condemnation of terrorism, there is as yet

no working definition of it. Those are serious disappointments, but it is not time to give up. It has been said that we get the United Nations that we deserve. Sometimes there is a risk of our treating the UN as if it were a fully autonomous and independent organisation. The reality, of course, is that the UN is very much a creature of its individual member states.

The UN is not beyond meaningful reform or irredeemably damaged, as long as there is the political will to sort it out. It is unlikely that we will have a "San Francisco Moment" in which to put it all right, but effective and deep reform is possible if a coalition of democracies, the United States placed centrally among them, perseveres in the development of an effective United Nations. That means that we need a more open approach to the UN from the United States. Its ambassador, John Bolton, has characterised his approach as "muscular diplomacy", but was recently rebuked by the *International Herald Tribune*, which said that there have been plenty of illustrations of the muscle, but not many of the diplomacy. We need to rebalance that approach. Britain has an important role in persuading the Americans of that.

As others said, we need to recognise the realities of the 21st century, and not only the post-war realities of 1945. We need to consider seriously Security Council reform to bring others such as Brazil, Germany, India, Japan and a representative from Africa into the Security Council, if they meet the high standards that we should all expect of them. It is in nobody's interests for the impetus for United Nations reform to fail. The world needs a strong UN to face the complex challenges of the 21st century. However damaged it is, and however marginalised it has been in recent times, no other organisation can compete with it as a source of global legitimacy. At a time of worrying developments in Iran and the middle east, and of catastrophe in Darfur, the world needs a United Nations that works.

10.39 am

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): It is delightful to serve under your chairmanship, Mrs. Dean. I congratulate the hon. Member for City of Durham (Dr. Blackman-Woods) on securing this debate and on her excellent contribution to it. She is obviously a fast learner; I have no doubt that she will go far in her party.

Much has been said about the importance of UN reform. Excellent speeches have been made not only by the hon. Lady, but by my hon. Friend the Member for South-West Bedfordshire (Andrew Selous) and the hon. Member for Plymouth, Sutton (Linda Gilroy). I congratulate the hon. Lady on her courtesy in cutting short her speech so that the hon. Member for Weaver Vale (Mr. Hall) could make his contribution, which was particularly about human rights but also ran the gamut of world problems. His contribution was valuable and it would have been a pity to have missed it.

As has been mentioned, the hon. Member for Gedling (Mr. Coaker) led an excellent delegation, which included Members present today, to the United Nations in January. However, we missed the presence of any Liberal Democrat Member; that party would have benefited greatly had it been able to send one.

The members of the delegation learned a huge amount, and the hon. Gentleman, aided by contributions from other members, has produced an excellent document that summarises the totality of UN reform as encompassed by the summit, and particularly by the fifth committee and the budget reforms that led right up to 23 December 2005 and were a great tribute to all the nations that participated. That had to be done by consensus. It is fitting to pay tribute to our permanent ambassador to the United Nations, Sir Emyr Jones Parry, and Tony Kaye, whom I see here today and did so much organisation during our visit.

Members have referred to the fact that in 1941 it was Churchill and Roosevelt's vision that led to the founding of the United Nations as we know it today. After the catastrophe of the second world war, that was an important vision. However, the weakness of the League of Nations was one of the contributory factors that led to the second world war, and we have to grasp the nettle of that same spirit of Churchill and Roosevelt in 1941. My hon. Friend the Member for South-West Bedfordshire came out with one of the most apt phrases that I have heard in a long time. He said that the UN had the international scope and moral authority to take nations to task, and that was precisely what Churchill and Roosevelt had in mind in 1941.

Unless we take the opportunity to reform the United Nations so that it becomes competent, we shall see more global catastrophes and problems. In my view, the UN failed on Iraq. Diplomacy is always preferable to war. With the 28 April deadline set for Iran, we now have the next low-water mark for the UN. If we fail on that as well, we are heading for deep trouble. Reform is particularly important today, and I hope that the Minister will take that message back to the Foreign Secretary and the Prime Minister, and that the British Government will use their special relationship with the UN.

The UK Government are now the second largest contributor to the UN; the USA is by far the largest contributor. If the largest and second largest contributors cannot effectively push this reform, particularly given their special relationship, I do not know what will be able to. The Prime Minister has a special relationship with President Bush; we hear that they speak for half an hour every week. Let us hope that some of those conversations can be directed towards achieving some real and positive UN reform.

Mention has been made of a number of reforms; perhaps the most important is the budgetary reform, to which I referred in my opening remarks. On 23 December, the fifth committee decided that each tranche of the half-yearly budget would be released only if progress on reform was made. During my meeting with him, John Bolton was adamant that the United States would not sanction the next half-year's budget unless progress towards reform was made. I hope that the British Government will support the United States on that, because only through budgetary discipline will reform be forced through. Given that a nation as small as the Tuvalu islands has the same vote on the General Assembly as the United States, it is difficult to get reforms through.

The contribution of the United States is massive at $24.2 billion and it therefore has a right to have a say in how the UN should be reformed. We need to pay great heed to Ambassador Bolton's words. I hope that there will be reform on the budget and the other areas that I am going to talk about.

[Mr. Geoffrey Clifton-Brown]

Budgetary reform is vital and has been highlighted by the oil-for-food programme scandal. During the seven-odd years of that programme's existence it dealt with $64 billion-worth of potential aid for food. When we think that Saddam Hussein skimmed off up to $10 billion of that, we see the scale of the scandal. We must never allow that extent of fraud to happen again. Such things require proper safeguards and external audit.

I turn to the issue of Security Council participation. We cannot expect nations to contribute more to the UN unless there is some enlargement of the Security Council. The issue of the G4 group is fearfully controversial; Venezuela does not want Brazil in it, Pakistan does not want India in it and other African countries do not want South Africa in it. It is difficult, but we have to try to make progress on Security Council reform, especially given that Japan is the second largest contributor to the core budget and one of the major aspirants to becoming a member of the Security Council. It is perhaps the most deserving of them all.

Time is limited and I shall skate over much of what I was going to say. The UN needs to concentrate more than anything on two areas: first, the transformation from the Human Rights Commission to a human rights council. We have to make sure that the human rights council is more effective; the commission failed too often in the past. In 2003, it was under the chairmanship of Syria; other nations with poor human rights records such as Zimbabwe, Cuba and Sudan have been members of that three-nation commission. Any nation that fails in implementing at least basic human rights should not be a member of the council, and certainly should not be able to influence its role.

Peace building and whether there should be pre-emptive action has been mentioned. That issue is important and the UN needs to address it. I quote Ambassador Bolton:

> "Some member states are attempting to engage in 'mission creep' by redefining the scope of the Peacebuilding Commission and attempting to involve it in pre-conflict situations or long-term development. We do not believe this should fall under the purview of the Peacebuilding Commission, which needs to have a clearly defined and specific mission and mandate in order to maximise its effectiveness."

The issue of whether the United Nations should have a more pre-emptive role is difficult. Currently, there is a potential conflict between Eritrea and Ethiopia. Whether the UN should intervene to stop those nations, among the poorest in the world, going to war is a big question.

I have almost come to the end of my time. We face some difficult world threats. Terrorism is on a scale that we have never known before. If we fail on United Nations reform, the world will suffer—we will all suffer. Today, one nation's problem can well have consequences for another nation on the other side of the world. Environmental reform has been mentioned; a lady using hair spray in Australia will affect global warming in America. It is no good the Americans standing aside on the environmental issues of the day. We need to bind them in to what is happening in the international community and the world today, not only on the environment but on peacemaking, peace building, conflict resolution, terrorism resolution, human rights and all the other ways in which the UN gives assistance.

I learned the other day that in Uganda between 2001 and 2004, the figure for poverty—the number of people living on less than $1 a day—rose from 30 to 40 per cent., yet millions of pounds-worth of aid were poured into Uganda in that time. The world needs to wake up when it comes to how it helps poor countries. It needs to link aid with better government and a move towards democracy.

I conclude with this phrase, which is what the issue is all about. It comes from Kofi Annan, the Secretary-General of the United Nations. He says that the reform is a

> "once-in-a-generation opportunity for the world to come together and take action on grave global threats that require bold global solutions. It is also a chance to revitalise the United Nations itself. It is in short, an opportunity for all humankind."

If we fail, the world will suffer.

10.51 am

The Minister for the Middle East (Dr. Kim Howells): I reiterate the comments of the hon. Member for Cotswold (Mr. Clifton-Brown) by saying what a pleasure it is to serve under your chairmanship, Mrs. Dean. I thank my hon. Friend the Member for City of Durham (Dr. Blackman-Woods) for initiating the debate and for her comments. I welcome the interest that Members of both Houses take in the United Nations and in the crucial reforms that that organisation faces. What a pleasure it is to follow such fine contributions from the hon. Members for Cotswold, for Berwickshire, Roxburgh and Selkirk (Mr. Moore) and for South-West Bedfordshire (Andrew Selous), and my hon. Friends the Members for Weaver Vale (Mr. Hall) and for Plymouth, Sutton (Linda Gilroy).

The Government are a strong supporter of the United Nations. We have been a staunch ally of the Secretary-General in his reform efforts. We want those efforts to result in a more effective and efficient UN, better able to meet the interlinked challenges of development, security and human rights. My hon. Friend the Member for City of Durham drew us a vivid picture when she said that reforming the UN was like trying to turn around a huge tanker with several ships attached to it. As someone who once had a shot, unwisely, at using a ship simulator and managed to sink a 100,000-tonne coal carrier, wreck the navigation pier at Avonmouth, block the Severn navigation channel and cause a major pollution hazard, I know exactly what she means. We need to communicate vividly the importance of reform, and the hon. Member for Cotswold explained its importance very clearly.

We continue to work hard to achieve the objective of reform. I am pleased that several colleagues present at the debate were able to see for themselves, when they visited New York in January, the challenges that the UN faces and the energy that we are devoting to help it to meet those challenges. I agree with the assessment of our team working in New York. Sir Emyr Jones Parry has a superb team and is one of our best diplomats. No doubt hon. Members can play a role in furthering the good work in which they are engaged on the reform agenda.

Debates such as this are welcome and important. With regard to the comments of the hon. Members for South-West Bedfordshire and for Berwickshire, Roxburgh and Selkirk, I will take that valid message to my right hon. Friend the Leader of the House. The issue is hugely important and I believe that this needs to be a regular debate.

The reform debate of the past few years culminated in the 2005 UN world summit last September, which my right hon. Friend the Prime Minister attended along with 152 other Heads of Government. Some people expressed disappointment at the outcome of the summit, but it was a significant step forward for the UN and delivered an essential package of reforms and commitments by the international community. We have heard about those this morning. We must try to channel that energy and enthusiasm so that our representatives and those of the EU and other progressive forces in the UN can take the reform agenda forward.

The UK, when it had the presidency of the EU, played a crucial role in the negotiations leading up to the summit. The Government intend to lay before Parliament a Command Paper on the United Nations shortly. That will include our assessment of the progress made on implementing the reforms agreed at the summit and on the outstanding issues to be addressed. Hon. Members might welcome a brief assessment of where things stand on the implementation process.

The agreements reached in New York on development and climate change—I was glad to hear hon. Members mention those issues—reflected several important Gleneagles and EU commitments. Those included the need to accelerate progress towards the millennium development goals, to address the special needs of Africa and to create, as my hon. Friend the Member for City of Durham said, a new central emergency relief fund to strengthen the UN's ability to mobilise quickly and effectively resources to tackle humanitarian crises.

The challenge now is to ensure that those commitments are fulfilled. We continue to lead by example, as shown by our recent commitment to spend at least £8.5 billion on aid for education over the next 10 years. I was glad to hear my hon. Friend and the hon. Member for South-West Bedfordshire mention the discussions that have been held on the role that the UN should play in seeking to fulfil environmental commitments. At the world summit, there was an agreement to explore the possibility of a more coherent UN institutional framework, including a more integrated structure built on existing institutions and instruments. I was glad to hear the hon. Gentleman point out something that we do not think about enough, which is that no other organisation in the world has the ability to speak to all nations as the UN does. We are pleased with the raised profile that the General Assembly president, Jan Eliasson, has given the issue. I shall consider carefully the interesting examples of possible intervention by the UN that the hon. Gentleman suggested.

We hope to make progress on the EU's goal of transforming the UN Environment Programme into a specialised agency with a revised and strengthened mandate and improved financing. That will enable the UN's environmental pillar to tackle better developing countries' needs, to strengthen the scientific basis of decision making, to focus on emerging priorities such as the environment and security, to improve co-ordination at policy and operational level and to ensure sustained delivery in respect of environmental priorities.

The world summit invited Kofi Annan to launch further work to consider how all the UN operations that we have talked about this morning could be managed more tightly around three pillars: development, humanitarian assistance and the environment. The development, humanitarian and environmental efforts of the UN have become increasingly fragmented, with multiple agencies competing for donor funds, different agencies occupying the same policy space, and overlap and duplication at both headquarters and country level. As many hon. Members pointed out, that is inhibiting the UN from making as significant a contribution as it could make to the achievement of internationally agreed development goals.

The Secretary-General's panel on system-wide coherence in the areas of humanitarian assistance, the environment and development is therefore crucial. It heartened me to hear many hon. Members mention that. I am proud of the contribution that the UK made to the world summit's success and of the continuing efforts—

Mrs. Janet Dean (in the Chair): Order. We must move to the next debate.

Territorial Army Rebalancing

11 am

Ann Winterton (Congleton) (Con): May I say at the outset of my contribution on the future of the Territorial Army within the Army structure what a pleasure it is to see you in the Chair this morning, Mrs. Dean? I believe that this is the first time that I have served under your chairmanship.

I am delighted to have secured this debate. It could not have come at a more appropriate time, bearing in mind the Minister's statement on 24 March concerning the rebalancing of the TA and, hot on its heels, the National Audit Office report of 31 March on reserve forces. I have been following the changing role of the TA for some time, not least because of its position at the base of the pyramid that will form the future Army structure.

One could describe the TA as the bedrock of the Government's policy. For several years, successive Ministers have clarified what is expected of it. It will play nothing less than a vital role in future operations and will be fully integrated with regular forces in all types of military and, in the case of the TA infantry, civil operations. There is nothing to criticise in that ambitious objective, as long as the limitations of the arrangement are fully and clearly understood.

The words "territorial" and "reserve" hardly seem appropriate these days, as the TA is operating as nothing less than infill. By its very definition, a reserve force is one that is held back from the line of battle to be used to assist where necessary, or that is called up in an emergency. I do not believe that the Government's present objective for the TA falls into either category, as the TA undertakes all the roles of the regulars without being on the permanent payroll.

The key difficulties in the Government's present strategy for UK armed forces personnel are to do with recruitment, retention, integration and, especially, maintaining morale. As the Minister knows, my initial interest in the infantry stemmed from the recent changes to my local regiment, the Cheshires, and from the strategic defence review, which proposed a 55 per cent. cut in infantry TA. We now face a further reduction of 900 personnel—or, to be accurate, 910. It is not clear whether they are to come from present strength or from establishment. If that further cut is to come from strength—this is based on figures from 1 April last year—the infantry will be the same size as the logistics, have the same establishment as the medical services and be not far ahead of the Royal Engineers. It is fair to say that the backbone of the Army, the infantry, which has the greatest experience of command in the British Army, is in terminal decline.

I did not understand the part of the recent statement that dealt with medical services, and the Minister's replies to questions did not make it any clearer. Have the Government given up trying to get strength up to establishment in that area? What is the meaning of combat medical staff? Surely all medical staff are combatants to some degree or other; if not, what do they do? For the Ministry of Defence not to know the time span between deployments of regular and TA medics to Iraq is just not good enough. I know one medic in the regulars who will shortly be going to Iraq for the third time.

It is also puzzling when the Ministry says that 13,450 personnel are available for deployment as at 1 June 2006 from all TA units, yet the Department cannot or refuses to give exact numbers of unit availability. Does the Department genuinely not know the number? If it does not, how did it arrive at the figure of 13,450? It has been stated that the figure excludes those who have exceeded the MOD's limit on mobilised service of a total of 12 months in every 60. However, most deployments in Iraq have been for around 10 months. Technically, with two months of obligatory service yet to be served, those soldiers could be counted as part of the force of 13,450. I also suspect that the personnel who are available are those such as officers and non-commissioned officers, who are not in particularly short supply, rather than privates, who are the soldiers most needed in such deployments and who operate under the most pressure.

What are the recruitment figures for individual TA centres? I suspect that those that have low recruitment have high retention, as recruits are told openly that, after completing basic training, they will be called up within a year for a 10 to 11-month deployment. Why does the Ministry not know the figures for those who have completed basic training? That is a vital piece of information for understanding what is happening on the ground in respect of recruitment and, thereafter, availability for deployment.

On the basis of information straight from the horse's mouth, I know that infantry privates are not only in great demand but are being put under considerable pressure. That was the subject of a written question that I tabled in January but to which I have not yet received a reply. I remind the Minister that my question asked which main areas of the TA were identified as undermanned and which required increased recruitment.

My hon. Friend the Member for Aldershot (Mr. Howarth) recently mentioned that the present strength of the university Officer Training Corps stands at 5,750 and is 2,250 over establishment. Those personnel are, of course, non-deployable. The OTC is an excellent organisation for students and an extremely successful tool for future recruitment, but should not those figures be kept separate from figures for deployable troops? It seems dishonest to bulk up the overall figures with those who will not be available in an active sense for a considerable time.

From the figures that I have been given in response to written parliamentary questions, it appears that the TA consists of a hard core of as few as 17,000 to 20,000 personnel, which is far short of the establishment figure of 42,000. In 2003–04, the number of TA bounties paid for classification year 5 was 14,585. The figure was 2,288 for year 3 and only 2,098 for year 1. We need to know the latest figures, as it appears that there is high turnover. I cannot believe that the Ministry does not know how many have left the TA shortly after returning from deployment in Iraq. That is another crucial piece of information that is missing—at least, it is not in the public domain.

I suspect that some of the numbers in respect of the stated TA strength of 31,680, excluding the OTC, are what I call paper figures: the personnel do not exist in reality but are figments of creative number crunching. As the Minister knows, TA centres are under

tremendous pressure to keep numbers up at all costs, and some are not efficient in clearing from the statistics those who have fallen by the wayside.

Many TA centres are fearful of being downgraded or closed down completely because of reducing numbers. It is a fact that a small number of units will be disbanded and a handful of underutilised TA centres will be closed. However, it is nothing but a joke to say that displaced personnel will have the chance to transfer to other units. Does anyone really imagine that they will make a round trip of some 50 miles to go to another unit? In that way, TA members' service will end involuntarily for logistical and practical reasons, yet we cannot afford to lose even one person, as numbers are so low at present.

Many civil servants who were told last June that their TA units would be downgraded and that further information would be given in October still do not know their fate. When will they be informed about their future prospects, and is this not a case of bad man management? Nothing erodes confidence and motivation as quickly as uncertainty.

Another concern is that the TA is required to contribute to the civil contingency reaction force, which is another creation of the European Union and part of its continuing regionalisation policy. If there were a long-term crisis in the future, the requirement of 12 out of 60 months' service for TA personnel would soon be used up for the simple reason that most would have already served between 10 and 11 months. Surely, therefore, more people would be excluded from long-term CCRF service. I find it extraordinary that the Department cannot respond to the query concerning how many personnel from each TA infantry regiment are signed up for CCRF duties. Does the Department know the answer or does it not?

That brings me to the terms of service: a legal requirement of one year in three, possibly extended to five, which translates into a six-month deployment. That can be compared favourably with the USA equivalent of a 12-month deployment in three years. It is true that the United States is running into difficulties with recruitment, retention and morale in the national guard. How can anyone have a successful civilian career when they may be required to disappear for such long stints, especially those in the specialised professions, whose expertise and career advancement may be adversely affected?

I know that the Minister appreciates the contribution of employers, especially those in smaller businesses. The work undertaken by SaBRE—Supporting Britain's Reservists and Employers—is excellent, as are the holiday training packages offered to TA personnel after deployment. As the Minister knows, that requires a great sacrifice of both time and finance for those left at home holding the fort.

Let us not forget that those in the TA are, first and foremost, civilians, and although it may be true, as the Minister has stated on more than one occasion, that the TA cannot be distinguished from regulars on active duty, it has to be recognised that its members are in a totally different category without many of the services or the back-up available to members of the regular forces. I understand fully that the Government are trying to create a smaller, high-tech, medium-weight Army, backed up by a highly professional and well trained part-time force, but the integration process is nevertheless fraught with difficulties. Integration between territorial and regular forces is working well in the run-up to Operation Telic 8 because a well established system has developed, not least because the situation in Iraq has gone on for so long. It would be a different story should a war-fighting mission develop, and the difference in capability and experience would then become obvious.

I note the Minister's statement that recruitment has been changed to incorporate regulars and TA, although I doubt that the present financial commitment to recruitment can be maintained. That is the subject of another written question that has remained unanswered since January, when I asked the Secretary of State for Defence

"what spending has been allocated to Territorial Army recruitment for

a) the last three quarters of 2005,

b) the first quarter of 2006 and

c) 2006–07?"

I also feel that the TA does better when undertaking its own recruitment. I welcome the commitment to allow TA volunteers to undergo short deployments that will give them tremendous experience when working with the regulars, but care must be taken not to produce a small mercenary force.

We must ensure that the new infantry TA battalions linked directly to their equivalent regular regiments work well in the integration process, but we must fully involve the local communities upon which they rely for recruitment. Sometimes those developments, which are part of the plan for the future Army structure, overlook the small details that create good morale and good working relationships. If recruitment can be maintained only by a massive level of funding and it falls when the foot is taken off the accelerator, we have to ask what is wrong with the conditions of service—the cause of the recruitment and retention problem. We know that there is a manning crisis because units go into deployment undermanned. Are falling numbers a direct result of long deployments? If the TA is continually expected to fill the gap, we should ask why people are not attracted to recruitment into the regulars. The differentials between pay and conditions play a part in that.

The TA is no longer seen as the reserve force to be called up in an emergency, but as a continual front-line force instead. However, whatever civilian skills the TA can bring to the Army, it is not the equivalent of the regulars. Its officers do not have the same in-depth training and experience, and it is a tragedy that so many Sandhurst TA places remain unfilled each year.

Although the TA does an excellent job, it should never be expected to be equal to the regulars. Instead, it should be considered a very capable back-up, trained to the highest degree, bearing in mind the limitations in the hours of service volunteered. When the TA is on deployment, including on second or further deployments, those involved are paid their equivalent civilian wage or salary, which is often far in excess of that of equivalent ranks in the regular forces. It has been drawn to my attention that some TA personnel working alongside regulars have bragged about the differentials in pay rates and remuneration. It has even been alleged that they have rigged their civilian wages in order to get

[Ann Winterton]

higher pay, and a recent example of this happening in Belize was pointed out to me. I am sure that that situation could be checked out through cross-referencing with the Inland Revenue, but the point is that care should be taken when dealing with soldiers on two different pay scales—without which, I hasten to add, there would be no volunteers or recruits. The regulars should be informed about the pay procedures of the TA, and those in the TA should be briefed not to damage morale on deployment by flaunting superior pay rates.

The continuing problem of overstretch has been raised many times in debates and it is one of the reasons why the TA is in such demand. Understandably, regulars like to be deployed where there are varied tasks, which is one of the reasons why they signed up in the first place. I suspect that some of the more boring operational requirements are down to NATO and European Union commitments. I understand that the Gurkhas, who were recently in Bosnia, were deployed to check on illegal logging and undertook patrols without arms, which seems to me to be quite extraordinary for an infantry regiment. At present, the TA in some regiments is being deployed to a far greater extent than its regular cousins, which is another factor that can cause friction and which needs to be monitored.

I cannot stress enough the importance of good morale to the retention of our armed services personnel, who are undoubtedly respected and admired by the British people. With numbers in the regular forces shrinking, the TA is carrying out a greater variety of roles today, although numbers available for deployment are decreasing, as the Minister knows. With so much change taking place, the impetus is to consider the big picture, but it is important not to overlook the small details that, if forgotten, can quickly damage morale.

There are many serving in the Army today who feel resentful because their cap badges have been taken away—although obviously not from those in the Scottish regiments—and they have been forced into different regiments or re-roled into different functions. Will the Minister respond today to the written question I tabled in November 2004 about the progress of the re-roleing of the three regular infantry regiments that were being disbanded? The same situation is now occurring in the TA infantry.

One of the purposes of this debate is to emphasise that armed services personnel are people who, in this day and age, are not compelled to do what they do on behalf of us all. They should not just be pushed around. They need to have a strong inner conviction to be able to serve and they need to know what this country stands for and what it expects of them. We are immensely proud of their achievements, but it has to be recognised that when an army is downsized it is difficult to manage that downward spiral and it is essential that morale is maintained, often by attending to the small details that can make such a difference. We must listen to those who serve at the base of the military pyramid, and I hope that the debate will highlight some of the issues that most concern them.

We live in times of great political and military change, do we not? The Government are walking a tightrope with a huge future financial and technical commitment to the field of defence. The whole package has to be delivered if it is to be successful. As financial constraints kick in, as they surely will, the choice will be between cutting the number of personnel, obtaining new, up-to-date and expensive equipment, or pushing back further the dates of implementation. Quite honestly, it is a frightening scenario for the Government who will be in office between 2010 and 2020.

Although no one will admit it, I believe that the UK is heading quietly and stealthily towards participation in a fully integrated European Union force. The Minister will, however, be relieved to learn that that is not a subject to pursue this morning, although I intend to return to it.

I shall listen with great interest to the Minister's contribution and to others who catch your eye, Mrs Dean. I am grateful to the Minister for listening so carefully to what I have had to say.

11.21 am

Mike Penning (Hemel Hempstead) (Con): I congratulate my hon. Friend the Member for Congleton (Ann Winterton) on securing this debate. Having served with the infantry in the Guards and, during the latter part of my military career, in the Royal Army Medical Corps, I wish to discuss the two key areas highlighted by my hon. Friend as being severely overstretched.

The integration of the Territorial Army with the regular forces has changed beyond belief in the past 20 years. In the 1970s when I served with the infantry in the Guards, the TA was, to be frank, a laughing stock among the regular forces. The two never worked together or integrated, and they rarely trained together, apart from an annual two-week exercise in Germany—and we usually ran out of fuel, bullets and everything else, because we were so badly funded.

I congratulate the Government, because in the past 10 years, the integration and training of the TA have worked fantastically. Thank goodness they have. The armed forces are now so small that without the TA—which comprises civilians who, as my hon. Friend said, work with the armed forces—how would the infantry and the Royal Army Medical Corps cope when serving this country so brilliantly throughout the world?

I have two concerns about the way in which the Government propose to deal with the cuts in the TA, and they are cuts; there is no argument about what is happening. We can put as much spin on it as we like, but they are cuts, especially to the infantry and to the medical corps.

First, I fear that we shall use and abuse the TA even more. I have raised that issue many times with the Secretary of State and the Minister on the Floor of the House. There is no shortage of volunteers, but each time they are the same volunteers—guys and girls—who are keen to serve their country and gain experience. They are not the people who are leaving in their droves. In my constituency, TA recruitment is suffering. One reason is that TA centres locally have been closed and there is a huge distance to travel between centres.

Another reason is the pressure on married serving TA members as well as regulars. People want to be with their families, and such people tend to have the experience in that they have served in the armed forces and now serve

with the TA. They want to serve and to be deployed but they do not want to go back time and again. The people who tend to volunteer time and again are single and without the experience and training that are desperately needed.

By deploying so often, there is a massive problem with training. One reason why there are so many problems with the bounty is that people can be deployed with the TA to Iraq, but when they return, they are not guaranteed the bounty, because they have not done the training. At first, I thought that that was wrong, but the jobs that TA members undertake on deployment do not form part of the training needed for deployment elsewhere. TA members undertake not only long deployments, but further training on their return. That puts even more pressure on their relationships, job prospects and careers. That is why so many people are leaving.

I am not surprised that the Government have not answered the questions tabled by my hon. Friend, because I think that they are embarrassed about the problems with recruitment and retention levels in the armed forces as a whole.

For my sins, I am taking part in the armed forces parliamentary scheme this year by serving with the Army. I know that I am getting a bit long in the tooth to be wearing uniform, but having been around some units, I have been shocked at the age of some of our NCOs and their lack of experience. Everybody needs to be made up and given responsibility. I was lucky: I joined the Army as a junior guardsman and just about made guardsman, so I have no experience of promotion in the armed forces. However, the people who commanded tended quite rightly to have the experience and, within the regiment or battalion, the necessary kudos to lead. I have been to Iraq twice and seen the training regiments and some of the people who are training our armed forces. They are very young and they have limited experience, partly because we are losing so many experienced people.

My second concern is about pay and morale. My hon. Friend highlighted an interesting point when she said that there are two types of unit: those made up of regular soldiers, whose pay is better than it was when I served, although we would all accept that it is still not great; and, often embedded with the regulars, those made up of the TA personnel who match their civilian salary.

There is a third category, however, about which I was surprised to learn. I have raised this matter before with the Secretary of State and the Minister. Agency staff are brought in to supplement units in Iraq, especially the Royal Army Medical Corps field ambulance units. The regulars are on their set pay, the TA units are on theirs, and then agency staff are brought in to fill the gaps in the TA medical units. When I was in al-Amara in Iraq just before the election, I witnessed that situation and its damaging effect on morale within the armed forces.

I compliment the bravery of agency people who have gone in to such environments as untrained civilians. However, the effect on the morale of the armed forces is phenomenal. Without high morale, we do not have armed forces. We cannot deploy them throughout the world and ask them to do what we ask, week in, week out, if morale is low. Morale is low in certain parts of the Army, and particularly in the infantry, partly because of the reorganisation and abolition of regiments, and partly because of the sheer size of the deployment. That issue must be addressed.

I cannot see that the shortfall in the Royal Army Medical Corps will be addressed by cutting back the TA medical services. It seems illogical. If the Government have admitted defeat in their attempts to recruit people to the medical services, perhaps we need to consider how other countries have recruited successfully. The Americans have an excellent system. Their medical services are some of the best in the world, because they encourage people to undertake commitments as part of their civilian and military career structure. If one moves on in the US civil guard medical services, one moves on in one's civilian career. It is a twin-track approach, and perhaps it is something that we need to consider.

We have a fantastic Territorial Army. Without it, we should never have been able to do any of the things that we have done in the past 20 years throughout the world, from the Falklands, through the two Gulf wars, to Afghanistan and so on. We must not use and abuse TA personnel. We must not assume that those people will volunteer every single time. They are young and enthusiastic, but sometimes common sense must prevail. I hope that we can consider that issue, and I look forward to the Minister's answers to the debate.

11.28 am

Bob Russell (Colchester) (LD): I congratulate the hon. Member for Congleton (Ann Winterton) on securing the debate and on the research that she has put into preparing her speech. I congratulate also the hon. Member for Hemel Hempstead (Mike Penning), because he brought to the debate not only a sense of what is happening today, through his participation in the parliamentary armed forces scheme, but his experience as a soldier in times past. The most important aspect of his contribution was his reference to the way in which the Territorial Army has changed in the past 20 years. The change is positive rather than negative, because it used to be said unfairly of the TA that its members were the SAS—the Saturday and Sunday soldiers. If it were ever true, and I doubt that it was, it is certainly not true today. I place on record my appreciation of all the reserve forces and, as it is the subject of today's debate, the TA in particular.

Ann Winterton: I welcome what the hon. Gentleman said about the professionalism of our TA and reserve forces. However, would he not agree that we have perhaps been over-reliant on them? In the future, that subject must be addressed by the Government of the day or else we will not be able to deploy the troops that we need for the roles that we undertake throughout the world.

Bob Russell: I was going to come on to that, but the hon. Lady has made the point well in both her speech and her intervention that we must not become over-reliant on our reserve forces, the Territorial Army. The situation has changed. The reference to it being used as an infill to perform all the duties of the regular forces should be taken as a compliment rather than a criticism. That is exactly as it should be.

I was a member of the Armed Forces Bill Committee, and we visited Iraq only a month or so ago. Some time into a conversation with a group of four young soldiers,

[Bob Russell]

we realised that they were from the Territorial Army. Indeed, their immediate officer was a university student who was taking a year out. Spending two back-to-back tours in Iraq must be the most interesting gap year experience ever. We were so proud of and impressed by those young men, who were serving their country. They had been called up, but it was clear that they had volunteered for that. There is a system in the Territorial Army, which we need not go into, whereby its members are not necessarily pressed into service in Iraq but they let it be known that they are content to be called up.

Yes, the Territorial Army should be rebalanced, and its role is changing, but we should be proud of the fact that its soldiers are performing duties along with the regulars. However, I take on board the point that we should not become over-reliant on them. The Government need to address the point that both our regular and reserve forces must be of a size sufficient to deal with the commitment that the Government of the day wish them to perform.

Not for the first time, the Minister will have heard the phrase "under-strength and over-stretched". That is certainly the case for the regulars and, in many cases, it could also be said of the TA. Many of those young men and women—I want to stress the increasing numbers of young ladies in the regular forces and the Territorials—provide a large part of that strength in Iraq or wherever they are asked to serve. Without them, we would be in even more of a difficult state. We should also place on record our appreciation of the increasing number of young ladies in the forces.

The footprint of an Army presence in the United Kingdom is important. I can say that with some degree of detachment, because I represent one of the four super-garrisons and the Army is there from day to day. Not only do we have a strong TA unit, the Royal Signals, but the rebalancing means that Colchester will get two more TA detachments, one at the military corrective training centre and the other for medics. I take on board the hon. Lady's point and ask the Government seriously to consider the matter. The footprint of TA bases, as well as Navy and Air Force bases where relevant, is for many people the only visible presence of the Army in the United Kingdom. That is an important part of recruitment into the regulars as well as the TA, and can be a route into the forces in the same way as the Army cadets.

I was also impressed in Iraq with the brigade commander in Basra, who told us that he had written personally to the employer of every TA soldier who he had serving to thank them and inform them of the excellent job that their employee or employees were doing. I know that the Government, and previous Governments, have shown appreciation to employers. Perhaps we should collectively do more. Many employers take the view that having one or more of their staff serving in the reserve forces is of benefit to their company, because of the managerial skills, team leadership and participation required. The employer also benefits.

Ann Winterton: The hon. Gentleman is absolutely right. The point that I sought to make, which is important and valid, was that medium to large companies—certainly big companies—can afford to have one of their key personnel away for lengths of time because they can cover what that person does. However, it is a tremendous loss to smaller businesses, especially if the person goes on a second deployment fairly quickly. In such cases, it is absolutely critical. I commend the commanding officer who wrote to the employers. That is an instance of the small detail that is extremely welcome.

Bob Russell: Obviously, the smaller the firm, the greater the impact will be if a member of staff is deployed, or is not at work for whatever reason. Members of the House have, of course, been called up to serve in Iraq. Far be it from me to say whether the House suffered from their absence, but it is fair to say that the House is the richer for those hon. Members, on their return, informing us of their experiences. That is something that we should also show appreciation of.

It has been said that the establishment figure for the Territorial Army is 42,000. It is not unreasonable for the Government to say what the shortage is, if any, within that 42,000 establishment. It should not be too difficult for the Ministry of Defence to ascertain the number of recruits, the number of people who leave, the length of time that recruits stay in the Territorial Army and their reasons for departure. I assume that, as a good employer, albeit of a volunteer force, the Government and the Ministry of Defence would seek to establish such figures so that they could learn why there are shortfalls and why recruitment is not going as well as it might, as well as what can be done to encourage retention. The same questions also need to be addressed for the regular Army.

I ask the Government to up the praise of the Territorial Army. I am sure that they praise it at every opportunity, but sometimes one has to keep saying it so that people appreciate it. Employers need to be encouraged and be shown the appreciation of the nation for allowing members of their work force to be called up. The Government also need to look seriously at whether they expect too much of our reserve forces. I know that the young people we met in Iraq were keen volunteers, but I question whether, if they are asked to return there next year or the year after, that enthusiasm will wane. That also goes for members of the regular Army.

Ministers need to ask whether they have cut the regular Army too much, whether the rebalancing and reconfiguration of the Territorial Army has struck the right balance, and whether there is a case to encourage the voluntary ethos by seeking to retain as many TA centres across the country as possible. Indeed, they should consider population shifts to see whether there are some places where the establishment of a new TA centre might be in everybody's best interests.

11.39 am

Mr. Mark Harper (Forest of Dean) (Con): I pay tribute to my hon. Friend the Member for Congleton (Ann Winterton) for securing this worthwhile debate. I also pay tribute to my hon. Friend the Member for Hemel Hempstead (Mike Penning) for bringing to the House his experience both on the ground and as a member of the armed forces parliamentary scheme. Finally, I pay tribute to the hon. Member for Colchester (Bob Russell) for bringing to the debate his knowledge

as a constituency Member for a garrison town—one that will be more prominent with Territorial Army personnel—and his interest in the subject generally.

One of the points that my hon. Friend the Member for Congleton ably made related to the change that the Government have brought about in the role of the Territorial Army, which they have moved from being a reserve to being a much more regularly mobilised force. That has some advantages, and my hon. Friend the Member for Hemel Hempstead drew attention to the training and the better integration between the reserve and regular forces. Those developments are welcome, but there is concern that the Army is being asked to do more and more with less and less, as full-time regular forces are reduced, and that the reserves are taking some of the strain.

The recent National Audit Office report on the reserve forces said:

"In the future, the Territorial Army will primarily be used to augment the Regular Army for a large-scale operation. For smaller operations, the Department is planning on the basis that a fully-manned, restructured Regular Army should be able to provide most of the necessary capability on its own, supplemented by a small number of specialist Territorial Army units. The Territorial Army will continue to be mobilised for small and medium-scale operations, including enduring operations"

this is the key point—

"when Defence Planning Assumptions are exceeded, as they are at present."

One risk highlighted by the National Audit Office is that exceeding defence planning assumptions for the foreseeable future might put too much of a burden on the reserve forces, and those assumptions have been exceeded in every year but one since 1999. Given the state of the world, with the continuing challenges that we face in Afghanistan and Iraq—who knows what might happen there?—and the pressures on humanitarian forces in Africa, our defence planning assumptions are likely to be exceeded, thus putting pressure on our regular and reserve forces. The time might have come for the Ministry of Defence to revisit those assumptions and reset them for the world in which we live.

The National Audit Office report highlighted one further risk, which is worthy of comment from the Minister. It relates to the effect that the regular deployment of reserve forces has on the number of forces available for deployment. If the Ministry wants to keep to its guidelines and deploy such forces only once every five years, it must realise that the more we deploy reserves on operations other than big war-fighting operations, the fewer will be available to be deployed. If we also take into account the fact that new reserve forces are not yet trained, we see that a shrinking percentage of the available forces is available for deployment. If we needed reserve forces for a war-fighting operation or a civil contingency, they might simply not be there, or the Ministry might have to resort to the legal position under which it can call such forces out once every three years.

Let me touch on the civil contingency aspect of the reserve forces. The new chapter of the strategic defence review, which was written post-9/11, stated that the reserve forces would be part of the civil contingency reaction forces if something happened at home. Sadly, as we know from the events of last year, such things do happen at home and need to be responded to. In 2001, the then Secretary of State for Defence, who is now Leader of the House, said:

"The role of the Reserves could be crucial, as we do not want to be committing significant numbers of our Regular Forces that might be required overseas".

In other words, regular forces might be required for overseas operations, as they have been, and the reserves would have a significant role to play in being available for reaction forces at home.

As to the resources that that might require, the new chapter of the SDR states that a reaction force would, on average, contain 500 volunteer reserves in each region. In principle, that would give about 6,000 volunteer reserves nationwide. As my hon. Friend the Member for Congleton said when she discussed the actual and paper numbers available, those 6,000 reserves represent half the Territorial Army strength available for deployment. I have significant concerns that if, God forbid, something happened in the United Kingdom requiring those reaction forces to be called out in significant numbers, we simply would not have the numbers available to react, which would leave us significantly weakened at home. It would be helpful if the Minister said how many members of the Territorial Army have volunteered for civil contingency reaction duties as part of their Territorial Army role, because they regularly have to do so.

Ann Winterton: Does my hon. Friend not believe that what he says about reserve forces at home being called up—he mentioned the numbers involved—flies in the face of the current policy, which has been to ensure that integration works well? Indeed, although I highlighted the difficulties, that policy is working well, but does this change not go against what is being undertaken?

Mr. Harper: My hon. Friend makes a good point. There is a balance to be struck in these things. My hon. Friend the Member for Hemel Hempstead made some good points about the advantages of better training and better integration between the reserves and the regular forces. Indeed, as the hon. Member for Colchester said, the Territorial Army has played a critical role in supporting our regular forces on deployments overseas. However, we can have too much of a good thing and take such deployments too far, and if we do, we miss out on the benefit of having reserve forces. There is supposed to be something in reserve to cope with unexpected situations; indeed, a key issue in defence is that threats often come from unexpected quarters, and few people would have predicted some of the challenges that we now face.

Bob Russell: Does the hon. Gentleman not accept that the Territorial Army still operates as a stand-alone unit and that it integrates only when it is called up? For example, the young soldiers whom I mentioned are all members of the West Midlands Regiment. They operate as a self-contained Territorial Army regiment in this country and join and integrate into the Regular Army only when they are called up or volunteer. Are those not already stand-alone units, which integrate as the circumstances require?

Mr. Harper: The hon. Gentleman makes a good point. The point that I was making is about the

[Mr. Harper]

availability of forces—although it might be obviated somewhat by the extent to which members of the reserve forces volunteer—and the data in the National Audit Office report. Given the number of reserves being used on operations, the turnover among such forces, which I shall discuss in a minute, and the number of those who are not yet trained, the strength of the Territorial Army is little more than 30,000, and only about a third of that number are available for deployment. If we keep deploying reserve forces regularly on operations, we may be lucky, and members of the Territorial Army might volunteer for further operations, but, legally, the Government will not be able to call them up. That might leave us short of resources if we needed them in an emergency.

A second, related point involves the personal pressure that we put on those in the reserve forces and on their employers. If we regularly use reserves for operations and then need them for something unexpected, we will put a considerable burden on them and their employers, which might have an impact on the time that some are willing to serve.

I turn to the motivation of those who serve in the Territorial Army. Like those who have spoken so far, I am proud of the role that the Territorial Army plays and of its professionalism. The fact that people who are in the reserves, and are not therefore full-time soldiers, can go on operational deployment and be indistinguishable from their full-time colleagues is a tribute to those involved, to the training that they receive and to the armed forces generally. However, there is one issue that we must consider. If we increase pressures on them—one reason cited by those leaving the Territorial Army is its effect on their relationships and personal life, as well as the lack of support that they receive—we will risk increasing the rate at which people leave. That is the conclusion of the National Audit Office.

The Government, in their report "Operations in Iraq: Lessons for the Future", note that the risk of using reserves solely to plug shortfalls will increasingly affect recruitment. The annual outflow of personnel from the Territorial Army is about 10,000 a year, or a third of the force. That has two impacts. First, we are losing all the skills and training that were so hard won, which will have to be regained at a cost in time and money. Secondly, even if the numbers on board remain the same, the high turnover will reduce the number of deployable people. Although there will be an inflow of new volunteers, the fact that those troops cannot be deployed until they are properly trained reduces by a significant margin the number available for deployment.

As my hon. Friend the Member for Congleton said, if we put the Territorial Army under too much pressure, we will increase the rate of departure, increase training needs and reduce the number available for deployment. We return to the central problem that the Territorial Army is being asked to do more than it can with current manning levels.

I turn next to medics. The subject has already been drawn to our attention by my hon. Friend the Member for Hemel Hempstead, who served in the Army medical corps.

Mike Penning: The Royal Army Medical Corps.

Mr. Harper: I apologise to my hon. Friend. The subject was drawn to our attention also in a recent statement by the Minister of State on Territorial Army rebalancing. The volunteer reserves, especially the Territorial Army, have been used to supply the Regular Army with a significant number of specialists, particularly medics. The specialist Territorial Army units, such as Army Medical Services, have a shortfall of more than 40 per cent., which was drawn to our attention by the National Audit Office report. Reserves will continue to be crucial in providing deployed medical capability, and we see how valuable they are when we realise that 88 medical specialists were deployed more than once in the past five years. That demonstrates our need for them.

The problem is that there are significant pinch-points with medical personnel. Indeed, the requirement for medical consultants is stated to be 110, but manning can be as low as 10. In a statement on Territorial Army rebalancing, the Minister of State said:

> "As fewer volunteers will be required as signallers, logisticians and combat medical staff, there will also be reductions in a number of other arms and services."—[*Official Report*, 23 March 2006; Vol. 444, c. 427–28.]

That did not seem to stack up with the shortage of medical personnel. Indeed, the Minister of State was pressed on that point by my hon. Friend the Member for Aldershot (Mr. Howarth) and by the Liberal Democrat spokesman, the hon. Member for North Devon (Nick Harvey), but he did not satisfactorily answer them. He said that one difficulty in recruiting medical personnel for regular and reserve forces is increased recruitment to the national health service.

This is not banter, but a serious question: given the changes in the health service and the consequent redeployment of personnel and resources, would it not be sensible for the Ministry of Defence to consider whether some of those being let go from the NHS would like a role in the armed forces—or, if they are changing career, whether they would be interested in joining the Territorial Army?

My hon. Friend the Member for Hemel Hempstead made a very good point about integrating career structures. Medical personnel in the United States are employed in the private sector, but they can better integrate their career progression in the private sector with being in the armed forces; that gives the forces better retention. In this country, where medical personnel are employed primarily by the NHS, joined-up government would mean that we could much better integrate career progression in the NHS and in the armed forces, and thus enable more of our medics to serve in our reserve forces.

I return to what I said at the start. It is clear why we use the reserves. It is probably good that people should join the Territorial Army in the expectation that they will be mobilised at least once, and it is right that we should use the Territorial Army to support our regular forces. However, a balance has to be struck. If we push that balance too far and put too much pressure on the Territorial Army, it will not be able to support our armed forces and we will not be able to use it at home.

I conclude on that note. I thank my hon. Friend the Member for Congleton for initiating the debate and look forward to hearing what the Minister has to say in response to the wide-ranging questions that have been asked.

11.55 am

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): As this is the first opportunity that a Defence Minister has had to appear before the House since the break, I hope that you, Mr. Caton, will think it appropriate for me to pay tribute to Lieutenant Richard Palmer of the Royal Scots Guards, who was killed in Iraq on 15 April. I am sure that all who have read the comments in the press over the past few days will know that this young man was committed to his job. He was greatly loved by his family and he will be sorely missed. I am sure that our thoughts and prayers are with him and his family at this time. I doubt whether any of the 600-odd Members of Parliament could think of a better epitaph than the one that appeared in the *Daily Express* today, which said that this young man was trying to make lives better for others. He demonstrated a hugely moral and wonderful commitment. I have no doubt that his loss will be greatly felt by his family and his colleagues.

I take the opportunity to congratulate the hon. Member for Congleton (Ann Winterton) on securing this debate. I am in regular correspondence with the hon. Member for Aldershot (Mr. Howarth) on the Armed Forces Bill; indeed, when we have finished with that Bill, there will be a huge gap in his life and mine. If the day comes when the hon. Lady stops sending me questions about reservists, there will be a similar gap in our lives. She is certainly assiduous in pursuing such matters.

I have no doubt that the hon. Lady understands the nature of the changes to the Territorial Army that my right hon. Friend the Minister of State, who is responsible for the armed forces, referred to in his statement of 23 March. I apologise again for his absence; he is abroad at present. The changes that he spoke of are essential to maintaining a British Army that works as well in this century as it did in the previous one.

The job that our soldiers do today is every bit as important as the job that their predecessors did during the first and second world wars. However, the challenges that they face are, as we all know, very different. Today's soldier must not only engage in combat, but must play the part of peacekeeper and sometimes peace enforcer. The modern British soldier may be fighting to overthrow a dictator one day, keeping peace the next, and rebuilding schools, bridges or power stations the day after. Those are all potentially hostile environments, and they often work under the auspices of different organisations such as NATO or the United Nations.

A British soldier's job is not easy. He or she must be capable of changing not only what they do but the way in which they react to particular situations. They are dedicated, brave and committed men and women, and I have no doubt that all hon. Members are justly proud of their commitment and service. This constantly developing role, which reflects not only the changing nature of warfare but the changing world in which we live, demands British forces who are even more responsive and effective while maintaining their reputation for professionalism and fairness—points made earlier in the debate. That is why changes are being made to the Army.

Today's debate is about the Territorial Army, but I emphasise that the TA is an integral part of the British Army, part of the "one Army" concept to which most hon. Members referred. The Territorial Army was set up almost 100 years ago. Since then, TA volunteers have time and again proved their mettle and their worth, from the battlefields of the first and second world wars to Bosnia, Kosovo, Iraq and Afghanistan. Indeed, the Chief of the General Staff, General Sir Mike Jackson, said that our forces are busy—they all are—but that our commitments are not unmanageable. He said that

"the Reserves have always delivered everything we have asked of them".

He said that he was confident that they would continue to do so.

It is fair to say that there are few places in which the British Army has operated in the past decades where it has not had some TA colleagues alongside. The House does not need to be reminded that they are volunteers—a point made by Opposition Members—who give up their time for small reward to serve their country. They are serving right now, in the UK and around the world. Although they are called upon to serve less often than their regular counterparts, in some ways, the job is even more difficult—as colleagues fully understand. When they are deployed, they must be as professional and well disciplined as their regular counterparts.

Last year, the Government announced changes to the Regular Army that will help to prepare us for new challenges. We live in a world in which challenges to democracy, fundamental rights and freedoms, and the rule of law are more prevalent than ever. We cannot choose to ignore those global challenges in a global world. They require a different British Army to deal with them. The Regular Army is now far enough down the road of those changes for us confidently to say that we must now tackle the shaping of the Territorial Army in order that it can best support and be integrated with the Regular Army.

We are confident that we have found the right solutions not just because we have carefully analysed our future defence needs, but because we have consulted widely with members of the Territorial Army and others. My right hon. Friend the Minister of State paid tribute to the hon. Member for Canterbury (Mr. Brazier) in the debate on the Floor of the House on 23 March, when he said that he had had a good meeting with the hon. Gentleman and that he was grateful to him for asking a range of questions that he put to his officials, thus helping him to be better informed when taking ministerial decisions. We have consulted on the need to adjust for the future and the manner of that adjustment. Only after careful consideration of all the relevant factors did we come to the right solution.

I do not want to spend too much time repeating what my right hon. Friend told the House less than a month ago, because the details are well known to colleagues. The changes are good for the TA, the Army and Britain. As colleagues know, the size of the TA will remain unchanged, with a current liability of 38,500, excluding the 3,500 in the Officer Training Corps. We will,

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however, deploy our men and women and their equipment more effectively.

At this stage, I should make a point about the proportion of the TA that is currently deployable for operations. That issue was touched on by Opposition Members. There have been several reports of late about manning shortages in the TA, and I would like to provide some context, which might help colleagues. About 13,000 TA soldiers are classed as being available for deployment, whereas our current requirement is about 1,200 a year—about 10 per cent. of those available for deployment. A similar number are classed as being unavailable due to the Army's intention that soldiers should not be mobilised more than once every five years. If we were to work to the less rigid provisions of the Reserve Forces Act 1996, which states that TA soldiers may not be mobilised more than once every three years, the number of soldiers available for mobilisation would be about 17,000. I accept the points made by the hon. Members for Congleton and for Hemel Hempstead (Mike Penning) about the numbers available for deployment, but the current requirement is about 10 per cent. of the number who are available.

Mr. Harper: The Minister is quite right, but the whole point of reserves is that they are available for unexpected situations. For example, when we were involved in the heaviest part of the Iraq conflict, more than 8,000 reservists were called out, which would be half the number available. There is supposed to be a large number of reservists available for deployment, but not necessarily used. It would be appalling if we were using the number who are available at all times. There is supposed to be a gap: it is an insurance policy against unexpected events.

Mr. Touhig: The hon. Gentleman is absolutely right. In a moment, I will respond to the hon. Lady's comments; she made an important point about morale. We must all be careful about what we say, although I do not suggest that anyone has said anything in this debate that would badly affect morale. There is sometimes a perception that the number of forces available is close to the numbers that we need at present; I was simply trying to get across the point that we currently need to deploy about 10 per cent. of the force that is available, and that the situation does not merit the extreme concern that some people have expressed in the media.

Mike Penning: There is some confusion, not least among Opposition Members, as to where those figures are from. It would be helpful for both the morale of the armed forces and the knowledge of Back Benchers if a breakdown of those figures could be placed in the Library today, so that we can see exactly where the Minister's figures are from, as they are completely different from those that have appeared in the press.

Mr. Touhig: Yes; I will certainly do that. Indeed, I am going to make one or two offers to the hon. Lady in my comments.

Ann Winterton: If the Minister's figures are just so, will he answer my question about civil contingency reaction force duties and my unanswered question about which people are signed up for which TA infantry units?

Mr. Touhig: I have made a note of the hon. Lady's questions, and will, if she will permit me, come to them when I respond to her remarks.

New specialisations are being created to reflect the changing demands placed on the Army as a whole. A new custodial capability will help to ensure that we continue to treat any prisoners we take with due respect and dignity. A new unit will be trained to support the Apache attack helicopter in the field, and a new military intelligence battalion will be formed to enable intelligence staff to focus more on specific areas of their specialisation. More opportunities are also being created through expansion in areas such as engineering and armour.

All that means a Territorial Army that is structured to be more relevant across a full range of operational requirements. The Royal Armoured Corps, the Royal Engineers, the Royal Military Police, the Intelligence Corps and the Army Air Corps will all increase in size, but in order to achieve those enhancements within the existing liability, reductions will have to be made elsewhere.

Let me stress that this is not simply a matter of balancing the books. If we had thought it necessary, we would have considered increasing the establishment of the Territorial Army, but it is not. We are aligning TA structures with those of the Regular Army so that the regulars have the support that they need when and where they need it. We are doing that by ensuring that the Territorials are available in the right numbers and with the right specialisations and the best and most appropriate training. We have reduced the infantry by one battalion, bringing the TA infantry structure into alignment with the Regular Army infantry structure, with most battalions adopting the new regimental names of their regular counterparts.

As well as new units being created, some units will change roles—from infantry to engineers, for example—and others will change their specialism within their branch, such as a Royal Artillery air defence unit changing to the 105 mm light gun. A small number of small and poorly recruited units will disband completely. Three centres will lose their TA presence, but will remain open to accommodate their existing cadet detachments.

Every soldier who finds himself or herself displaced by their unit being disbanded or re-roled will be offered a post in another unit as close as possible to their home or in a nationally recruited unit. However, I take the point that was raised by hon. Members that that there can be a problem with distance. I emphasise that no TA soldier's service will be compulsorily terminated as a result of the rebalancing exercise.

There will also be a reduction, on paper, in the size of Army Medical Services, which several colleagues mentioned in their speeches. The reduction must be understood in the wider context. First, changes to the regulars announced last year mean that regular medical units have about an extra 380 personnel, making them better structured and positioned to deal with operational demands. Secondly, for many years, the

TA has had difficulty in recruiting the numbers of medical personnel required to fill all the established posts. As part of the integrated, "one Army" approach, we have chosen not to chase an impossible target by holding several hundred posts open with little chance of filling them. It is better to make expectations more realistic, but only after the enhancements to regular medical units announced by my right hon. Friend the Minister of State. That will not only enable better operational planning, but will allow us easily to increase the number of established posts in other specialisations with a greater chance of actually filling them.

Mr. Harper: The Minister said that the number of medical personnel in the regular forces was being increased. In the Ministry of Defence's own annual report and accounts for 2004–05, the medical area was deemed to be one of critical shortage. We touched on that during the Minister of State's statement about TA rebalancing and did not get a satisfactory answer. Will the Under-Secretary be clear about the number of medical personnel required in both the regular forces and the reserves, and the number that we currently have available?

Mr. Touhig: It might be helpful if we were a little more open in the way we tackle the recruitment issues. If I may, I shall refer to that later on, because it is important. We all have a role to play, because we all passionately believe in the success of our forces, and the TA in particular. Colleagues in all parts of the House could play a role that would be beneficial to our forces. I take on board the point that the hon. Gentleman makes.

The changes to which I have referred not only enable better operational planning, but allow us easily to increase the number of established posts in other specialisations with a greater chance of actually filling them. The reality, therefore, is that while there is no reduction in the operational requirement for the TA medical services or in the numbers employed, enhancements are under way to the regular medical services.

Earlier I mentioned that the TA faces a constant challenge in maintaining a level of training that enables it to operate effectively alongside its regular counterparts. That is why we must do our utmost to ensure that the training it receives makes the best use of the available time and other resources. Our aim is for TA soldiers, when mobilised, to be fully prepared for even the most difficult of environments. Rebalancing will pair TA units with regular counterparts, forming strong links between the units and, whenever possible, allowing TA soldiers to train alongside the regulars. Where limited, high-value equipment is involved, and if it is appropriate and realistic, regular units will make such equipment available for TA soldiers to train on. Such measures will enhance the training of TA soldiers. I assure colleagues that every TA soldier, whichever branch they are in, will be given the support and training needed so that he or she can continue to serve our country.

Hon. Members will be aware that much has been said in recent months about the TA losing "500 soldiers a month" and about recruitment being in decline. While those figures concentrate only on the numbers leaving and make no mention of the numbers recruited, it is fair to say that recruitment and retention, to which the hon. Member for Congleton referred, have been giving us cause for concern. That impacts on the other issue that she mentioned: morale. TA strength has stabilised in recent months, but we are not out of the woods yet, and we remain committed to concentrating our efforts in order further to improve manning and retention in the TA.

Mike Penning: If we are losing soldiers and gaining recruits, we are not gaining the experience. It will take a long time to get the catch-up required for those troops to be operational to the standards of the ones lost. If they are deployed so often, how is the training being done? I have spoken to TA soldiers who have returned. When they come back, they need some rest and recuperation and some TLC from their loved ones. The last thing that they want to do then is to go off again to training. If people are coming in and coming back, there will be a shortfall in the trained operational troops who can go anywhere in the world. That is where I think the figure that was mentioned is coming from; the pinch point will be in the experienced soldiers, not in the new recruits.

Mr. Touhig: I fully accept the hon. Gentleman's point. We cannot afford to lose experienced people. From his personal background, he knows the important contribution that they make. We need continuity, so that we get the quality of training and the continued recruitment.

Bob Russell: The Minister says that the numbers in the TA have stabilised. What is the approved strength? What is the actual strength?

Mr. Touhig: Currently, including our OTC, our establishment is about 42,000 and we are about 6,600 below that at the moment.

Since the 1990s, when the TA moved away from its cold war role towards a more flexible, mobilisation culture, members of that historic service have been increasingly asked to serve our country overseas. They have come to expect to be mobilised and deployed on a range of operations in support of our defence policies overseas. Indeed, the most frequent reason for joining given by new recruits to the TA is to be mobilised and serve on operations. About 12,000 reserves have deployed in Iraq alone since 2003. They have adapted, in just a few years, to the changing and very demanding circumstances of this new century, and the House has frequently acknowledged their courage and service, as I do again today.

Currently there are 495 Territorials serving in Iraq, 47 in Afghanistan, 23 in the Balkans and two in Sierra Leone. My right hon. Friend's announcement to the House last month on TA restructuring ensures that we give those brave men and women the training, opportunities and structures they need best to do their jobs.

I will refer to some of the points made by colleagues during the debate. I return to three important words used at the beginning by the hon. Member for Congleton: "recruitment", "retention" and "morale". They are all linked. I have tried to demonstrate that we

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believe that recruitment and retention are vital and that failure in those areas can have an adverse impact on morale. I parted company with her when she said that she thought that the numbers were in terminal decline; I note that in the debate in the House on 17 November she talked of "meltdown". I do not agree that that is occurring. Following remarks that I shall make in a moment, I hope that she might be persuaded that it is not taking place.

The hon. Lady went on to praise SaBRE—Supporting Britain's Reservists and Employers. I have the highest regard for its work, which makes a considerable difference. It helps our reservists, and ensures that they can deploy when we need them. She also said that uncertainty is a bad thing, and I agree with that. There is no doubt that there are always lessons to be learned. Leaving people in a vacuum in which they are unsure where they will be and what will happen is bad for morale, and that affects recruitment and retention. We return to that important triangle.

I shall examine the comments that the hon. Lady has made further when I get my copy of *Hansard* tomorrow. She has been properly persistent in asking questions. If she is willing and would like to come to the Department, perhaps I might arrange a briefing, during which we might get to the answers to some of the things that still concern her. I shall telephone her this afternoon on the issue.

Ann Winterton: That is the best offer I have had for some time.

Mr. Touhig: And you heard it here first. I shall telephone the hon. Lady this afternoon about the questions that she says have not been answered. Such a situation concerns me, because it is the responsibility of Government to answer questions when they are properly put. I shall look into her questions as quickly as possible.

Ann Winterton: I should be grateful to receive the answers to those questions. I am not pestering the Minister. I believe, like he does, that the answers should be in the public domain.

Mr. Touhig: I accept that. I made the point earlier that being more transparent about these matters helps everyone to understand the difficulties that we face and allows people to contribute. They could put forward solutions that might help, just as the hon. Member for Canterbury did in his meeting with my right hon. Friend, the Minister of State.

The hon. Member for Congleton asked which were the main areas of undermanning and the targets for recruitment. Medics, logistics and the Intelligence Corps are all areas where we have had difficulties and where we are seeking to put things right. She asked whether the Government have given up recruiting to establishment; we have not. As I said, we had the opportunity to change the establishment, but we did not feel it necessary at present. I have no doubt that more of these points will come out if she accepts my offer and comes to the MOD for a briefing.

The hon. Lady also asked why we did not know the figures for the time between deployments. The information is not held, as the key figure is about the total service in any one period, in accordance with the Reserve Forces Act 1996. Again, I would be happy to explain that in more detail if she were to come to the Department. My doing so would give her a better understanding of the situation. She also asked why we did not know how many members of the TA have left following service in Iraq. That information is held at unit level, but we are considering conducting exit surveys, which are a useful way of getting this information, so that we can have a better picture of what influences people.

Bob Russell: Is the Minister seriously saying that the Ministry of Defence has not been asking people why they are leaving the Territorial Army?

Mr. Touhig: We have extensive surveys about all aspects of the operation of our forces. The point I am making, in response to remarks by the hon. Lady, is that we are looking at exit surveys to try to get a better and more accurate understanding of this matter. We have a lot of anecdotal information, and other bits of information are fed in, but if we were specifically to target the group that causes concern—people who are leaving, for whatever reason, following deployment—that would give us the information we seek.

Ann Winterton: If the figures for those leaving the TA after being deployed in Iraq are known at unit level, surely the Department can easily obtain them?

Mr. Touhig: I have no doubt that, when I meet the hon. Lady, she will press me strongly on that point. I expect to be able to respond positively, because it is important that we get that information out to colleagues.

Mike Penning: We now see the blank expressions.

Mr. Touhig: Pained expressions are pained expressions, but we as a Government have a duty to be as open as possible about these matters. I strongly believe that—as, I know, does the Secretary of State. There are difficulties, which I have explained, but we will examine what we can do to ensure that this information can be provided to colleagues.

The hon. Gentleman brought to his comments the experience of having served in the forces. He welcomed the integration of the TA with the Regular Army, and I thank him for that. However, he was concerned about the TA being deployed too often, and he talked about morale and issues to do with pay. I think I have answered some of his points, but I will look further into that when I refer to *Hansard* tomorrow, and if there is a need to respond in more detail, I will do so.

The hon. Member for Colchester (Bob Russell) can also speak with considerable authority because of his background: he represents a large garrison town, so he knows a lot about some of the key issues. He talked about the TA footprint being important in recruitment. I strongly agree; where we have that strong footprint, recruitment is good. That is clearly an important message for all of us to take on board.

I also welcome what the hon. Gentleman said about the employers who support the TA. The hon. Lady also mentioned that. Without the support of many employers, it would be difficult for people who have a life outside the forces to give the commitment and service that we often ask of them. I wish to take this opportunity to pay particular tribute to His Royal Highness the Prince of Wales, who last year held an event for employers at Highgrove. I met a number of employers there—not the large ones that we often think of, but those who employ two, three or four people, and who have somebody who is in the TA and on deployment. I understand the difficulties that they face as a result. They make a huge contribution by giving their support to our reserve forces. We cannot thank them enough for what they do.

The hon. Member for Forest of Dean (Mr. Harper) made some important points. He talked about our defence planning assumptions. They are, of course, kept under constant review. All Governments do that, and it is right and proper for them to do so. He also referred to the National Audit Office report on deployment. I tried to cover that when I explained that approximately 13,000 people in our force are available for deployment and our current need is about 1,200.

The hon. Gentleman went on to talk about the close links between the MOD and the NHS. That is an important point that we need to explore. Those two organisations must be brought together even more closely, as there would be huge benefits in doing so. When I visited Selly Oak last year, I saw evidence of the benefits of the close collaboration between our Army Medical Services and the national health service.

During the century of service that TA volunteers have given our country, they have proved their adaptability in meeting the requirements of national security in all its guises. They, like their regular colleagues, continue to be a force for good in dealing with the challenges of this new century, and they are a more integral part of our land forces than ever. They do a tremendous job for our country. We are hugely in their debt.

I have no doubt that the comments made by all colleagues were intended to reinforce the understanding that we value, appreciate and cherish the work that they do, and the service and commitment they give. It is up to all of us—Government, Opposition and all Members—to do everything that we can to ensure that they know that they are valued, and to make sure they have all the resources and everything else they need to carry out the tasks we set them.

From the tone of the debate, I have no doubt that there is a willingness on both sides of the House to ensure that our reserve forces know that they have the complete backing of Members, and that we will do everything we can to ensure that they continue to carry out their job effectively. I feel certain that that message will go back to our forces as a result of the comments made in this debate.

12.25 pm

Sitting suspended.

Retirement Age

12.30 pm

Mr. Mark Todd (South Derbyshire) (Lab): My interest in this subject was prompted by a visit paid to my constituency office by a 74-year-old gentleman, Mr Tomlinson. Until having an accident recently, he worked as a lorry driver. He was productively employed, earning good money, not claiming benefit and working while claiming his pension. His visit led me to explore some issues around working after what we generally accept as retirement age.

I want to touch on two general themes. The first is individual freedom—ensuring that people are genuinely free to choose for themselves whether to work after retirement age—and the second the economic functionality of encouraging people to work after 65. The Government will address the former in October, when they seek to implement the European Community directive on age discrimination.

On current projections, a quarter of the population will be over 65 by 2051. Life expectancy continues to increase, as does active life span. We are not just living longer; we are living actively longer. Evidence suggests that continuing work, whether paid or voluntary, can assist in prolonging the health of an individual in retirement. In any case, many older people seek additional income to supplement what they receive in their retirement. It makes very little sense for a workplace to dispose of the valuable skills that many older people have. Research commissioned by the Chartered Institute of Personnel and Development showed that employers placed particular weight on the reliability, commitment and—importantly, nowadays—customer services skills of older people. Simply putting those people out to pasture, with a big sign on them saying "Post-65", is a tremendous waste of economic skills.

Furthermore, the choice to work on after retirement age has substantial economic impacts on our country. Mr. Tomlinson is a case in point: at 74, he was paying income tax and national insurance as a worker; but now—after being injured—he is receiving housing benefit and pension credit. From being a net contributor to our society in general, he has become a net drawer on it, although admittedly he has contributed substantially to his entitlement to that receipt.

There are many obstacles to working beyond 65 being considered something that anyone can contemplate. I shall run through some and then attempt to deal with them. First, there is the issue of expectations. Surveys show that most people recognise that we are living longer, and are living actively longer. The difficulty is that they do not personalise that with regard to their behaviour and choices. Somehow, they do not believe that that will necessarily happen to them, although it might be happening to people they know. They feel that they are likely to face an earlier death and that they should prepare themselves for a quiet period of retirement after their working lives. That slightly gloomier view still seems prevalent.

We can do more to make people understand that working beyond retirement age is likely to be an enduring opportunity. For example, my father is 81 and still does active voluntary work. He regards himself as someone who looks after older people, although they

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are actually a lot younger than he is. I see that as one model of retirement. He does not earn money from his work, but it is an important part of the social contribution that people can make.

A second obstacle is that there is a good deal of rhetoric of the "work 'til we drop" kind, which is propagated by some newspapers. That was particularly the case when there was discussion about fixing a retirement age. The assumption is that Government policy is somehow forcing people into a position whereby they must work until they die and so will never claim retirement. I have to say that trade unions provided additional support for that view by highlighting the fact that some people die before they receive a pension. That is undoubtedly true. Nevertheless, the evidence is clear that there are people with valuable working skills who are available to work beyond that point in their lives, and who are willing to do so. I want to turn to some reasons why that does not necessarily happen.

There is a belief that if we encourage people to work after 65, a requirement to do so will gradually be built into the rules of company pension schemes, and that, effectively, people will say, "That's fine. We can expect people to work longer, which should mean that we save money on our pension schemes." My retort to that is that, in an increasingly informed society, a pension scheme is a valuable recruitment tool. Frankly, companies with pension schemes that sought to take advantage of those changes would place themselves at a disadvantage when putting forward their package of employment emoluments. I do not think that a likely response by companies to people working beyond retirement age, but nevertheless it is one argument that is presented as a possible barrier.

The other obstacle, to which I shall return, is the lack of either fiscal or benefit encouragement to a work choice after 65. We can do more on that.

Andrew Selous (South-West Bedfordshire) (Con): I have a constituent who is 65 and due to be retired against his wishes this June. His pension goes on until he is 72. Does the hon. Gentleman agree that it is quite outrageous for us to remove people from the workplace, irrespective of their ability to do their job, purely because of their age? We would not remove them because of the colour of their hair or eyes, so why because of their age?

Mr. Todd: I shall cover that point, and the hon. Gentleman will find that I entirely agree with what he says.

There is also the issue of companies compelling retirement at a particular age. In October, the Government are to take a step that I do not agree with, and there is evidence that some members of the Government do not agree with it either. There was a lively debate between the Department of Trade and Industry and the Department for Work and Pensions on the correct approach to allowing employers to continue to enforce a retirement age of 65. That is still seen by some people as a barrier to continuing to work.

Of course, there is also continuing prejudice against employing older workers. That has been shown to be declining, partly because the code of practice that the Government have promoted has been widely understood, although not widely enough, as only 37 per cent. of employers know that there is a proper code of practice for dealing with age discrimination. We have much ground to make up.

Next, there are poor employment practices. Older workers are not given proper advice on the interface between retirement and future working, and there is a lack of promotion of part-time opportunities to older workers. That would allow them to move gradually from full-time employment to retirement, using their skills valuably—often as mentors or by providing their specialist skills in a narrower time frame.

There is a great deal more to be done in terms of simply promoting better-quality employment practices among employers. Only 30 per cent. of employers offer employees part-time options in preparation for retirement, which is ridiculous. In the Norwich Union survey commissioned on the subject, 68 per cent. of respondents thought that they would move to part-time employment before retirement. However, 25 per cent. said that that would be determined by their behaviour at the time. The evidence is that if a relatively small number of employers offer that opportunity, many people who fully intend and wish to work part-time will not be given that opportunity.

Moving to my final point on this area of poor employment practice, there is very little monitoring of the age profile of employees. A major difficulty is the fact that employers do not properly understand their work forces. They are not able to analyse what proportion of their employees is coming towards retirement or to devise sensible policies to deal with that.

Steps have already been taken. I have referred to the code of practice and its weakness; after three waves of promotion, still only a minority of employers know about the code and have acted on it. There is also the European Union age discrimination directive, which I have touched on and which the Government intend to implement this October.

The directive has many welcome features—it will permit equal access to work-related benefits and employment protection for workers over 65—but it will still build in the potential for a review period in which employers can insist on retirement at 65 provided that, beforehand, they have given the relevant individual the opportunity to request part-time working. The employee would have the right only to make the request; the employer would have no obligation to provide such work. The individual could say, "I would like to continue to work beyond 65. Are there opportunities for part-time work?", and the employer would have to consider that, but he could then say no and terminate the individual's employment without recourse to law.

My view is that the Government have made the wrong choice. As the Turner commission felt, it would have been better to have fixed the retirement age higher than 65—perhaps at 70—or for there not to have been one at all. I think that there should be no retirement age and that employers should have adult discussions with employees about their capabilities and ability to perform duties at a particular age. They could then reach a normal decision that would be implemented through normal employment policies.

If we are to facilitate working after what is now the normal retirement age, we must consider other measures. First, we can consider reducing or even eliminating employer national insurance for workers over 65. The evidence from surveys—the Chartered Institute of Personnel and Development conducted a survey on this particular aspect—indicates that smaller employers in particular would find that useful. In fact, there was evidence that smaller employers particularly value older workers and would value direct encouragement to continue the employment, or to facilitate the new employment, of older people. Someone might apply for a new job after they were 65; they would not necessarily continue to work at the same place.

The first step is to consider the burdens on employers. Secondly, the workers themselves should be given specific advantages if they continue to work after 65; such advantages could be linked to tax or national insurance and allow them to reduce the costs of their continuing to work. There are strong economic arguments for discriminating in favour of those over 65 who continue to work in some way or other. I am sure that the precise rules—the hours required and so on—could be given greater thought, but there is a strong argument for continuing to encourage older workers' economic contribution to our country. We should be prepared to make appropriate provision in our national insurance and tax policies to do that.

There might also be benefit in giving greater help to those who defer taking the state pension. At the moment, that appears to be a direct, pound-for-pound transaction. If a person puts off taking the state pension for a year, their pension for that year is paid later. The person does not lose the money, but does not gain by deferring. However, they should be able to gain. That would be worth while for our state revenues, let alone the circumstances of the individual involved.

We need to examine the relationship between the state pension and other benefits. The fatal overlapping benefits rule means that once a person has drawn the state pension, they are not entitled to a variety of other benefits that are regarded as overlapping. I have always recognised that rule to be fair for some cases, but I have never fully understood its logic for many others, particularly when the relevant individual is involved in caring or something similar. The state pension is not a benefit, but an entitlement based on contributions made through national insurance during a person's working life. It should not be treated as another benefit, and a person should not be barred from other benefits because they receive a state pension.

There should be direct assistance for training courses aimed at older workers. The Learning and Skills Council has rightly focused considerable resources on younger workers who have failed or been failed in their education and who, at the start of their working lives, require additional assistance to get qualifications. We should also aim to provide extra resources for older workers to do exactly the same.

In future, healthy retirement will normally comprise a portfolio of activities to suit an individual's circumstances, including leisure and family commitments, which many older people have substantially as they enter retirement, as well as voluntary and paid activities. It is to society's benefit, as well as that of the individual, that that should be facilitated, and it should be an individual's free right.

12.47 pm

The Minister for Employment and Welfare Reform (Margaret Hodge): I congratulate my hon. Friend the Member for South Derbyshire (Mr. Todd) on securing this debate and on his thoughtful contribution on what I consider a subject of key public policy importance on which we shall spend more time in the coming period.

My hon. Friend is right to draw attention to the changing nature of the population. Many of our policies look at employment rates beyond the age of 50; at that age, men and women have life expectancies of more than 33 years and more than 36 years respectively. One can pull out very stark statistics on this issue. The one I have chosen to mention is that by the late 2020s, almost half the adult population in the UK will be over 50.

If we compare the employment rate of those over 50 with that of the general population of working age, we see a gap. Some 70.7 per cent. of people below state pension age but over 50 work, whereas just under 75 per cent. of the population as a whole work, so the gap is about 4 per cent. The other interesting thing is that most of those over 50 who are no longer in work did not volunteer to leave their jobs, yet once out of the labour market very few of them—only 8 per cent.—try to get a job again. There is genuinely an issue here, and my hon. Friend is right to draw attention to it.

Many of the issues that we are dealing with today come from the legacy that we inherited, and the most rapid decline in the employment of older men in particular came after 1979. That was due partly to the structural change and the decline of heavy industries, but also to the fact that company policies, to which the hon. Member for South-West Bedfordshire (Andrew Selous) drew our attention, were pretty rigorous in using the pretext of age to reduce work forces. The stewardship of the economy meant that there were not as many job opportunities as we enjoy today.

Progress has been made since 1997, when the Labour party came to power. In 1979, the employment rate among those aged 50-plus was 72.4 per cent., but by 1994 it had gone down to 62.6 per cent. We have returned the figure to just over 70 per cent. Not surprisingly, the employment rate for women has also increased. It was at its lowest in 1984—54.7 per cent.—but at 68.4 per cent., it is now almost equal to that for men.

Our record of using the instruments of public policy to encourage the employment of older people is good and has been recognised as such by the Organisation for Economic Co-operation and Development—we are about 10th out of the 30 OECD countries—and by the European Union. In relation to our European partners, we are second in respect of the employment rate for the over-50s. The unemployment rate for older people is now lower than that for other groups. If older people choose to stay active in the labour market, they are more likely to be in work than the rest of the working-age population. That is another interesting fact to consider.

Since we have been in government, we have brought more than 1 million extra people aged 50 or over into work. Of course, we want to go further and tackle many issues to which my hon. Friend the Member for South Derbyshire alluded, but we are proud of our record. We have reduced the gap in employment rates between the over-50s and the under-50s by about 20 per cent. Again,

[Margaret Hodge]

we are proud of that. It is interesting to see where the over-50s work: about a quarter are self-employed—there is a greater propensity to self-employment among the over-50s—and 70 per cent. work part-time. My hon. Friend might not know that figure, but there is a lot of part-time working by older people.

There are problems that we need to tackle and there are structural questions. We need to think about whether we have the structure of the tax and benefits system right and whether we have the right rules on pension schemes. We have done a lot, but we need to do more. There are personal issues for people that we need to confront. Older people tend to be the ones who have issues relating to health and disability. Many of our welfare reform Green Paper proposals focus on that.

My hon. Friend drew attention to the lack of flexible working. The Green Paper also contains proposals on that. We are attempting to tackle lower qualification levels among older people through many of the employment and training programmes that we have introduced. There are also cultural issues, as individuals might have unrealistic aspirations on early retirement and employers might have outdated prejudices on the capabilities of older people and their capability to work.

I shall go through some of our plans and then briefly tackle the issues to which my hon. Friend alluded. We published our health, work and well-being strategy document about six months ago and it is very important. In it, we consider the links between the work undertaken by the Department of Health, the Department for Work and Pensions and the Health and Safety Executive, so that we ensure that people can get the benefits of work. I am talking about healthy workplaces and ensuring that efforts to secure early rehabilitation to keep people in their jobs or to bring them back into their jobs are co-ordinated across Government and all agencies that respond to individual needs.

I have talked about the welfare reform agenda, whereby we are trying to ensure that proper support structures are in place so that we can provide opportunities for older workers to stay in or return to work. Once those support structures are in place, there will be a responsibility on individuals to take up the opportunities.

I note that my hon. Friend does not think that the changes to the state pension go far enough, but there are now better financial incentives to defer taking the pension. I am referring to the rate of increment and the ability to access a lump sum, which is pretty generously calculated. It is set at 2 per cent. above the Bank of England interest rate and compound interest is built into the calculation.

We have made an important alteration to private pension schemes so that people can take their pension and carry on working. We have introduced improvements to personal allowances for those over 65. The personal allowance for someone over 65 who is working is £7,280 as compared with the general allowance of just over £5,000.

The welfare reform Green Paper contains a series of propositions, which we are taking forward. They involve giving older workers access to the new deals, piloting better one-to-one support for older workers and seeing whether we can take the introduction of flexible working further.

We are also considering how we implement the age discrimination legislation. My hon. Friend talked about that for some time. The legislation has just passed through the processes of the House and will come into force in October. He is right to say that, under the legislation, there is a default retirement age of 65, although we have promised that we will review that, as the measure beds in, over five years. I tend to agree with him that if we can get rid of that default age, we will improve the ability of older people to participate in the labour market. However, I hope he accepts that as we try to transform cultural attitudes in our society towards the employment of older people, we should bring all the stakeholders with us. As we set the default retirement age, we were conscious of the concerns of business. There were fears among those in the business community that if there was no retirement age, they would find it difficult to manage their work force and ensure that younger people had the opportunity to develop in the workplace.

My hon. Friend talked about the lack of knowledge of and information about the changes that the Government are introducing. I have been engaged in a number of changes, particularly involving individual rights in respect of equality, and I know that it takes time for such changes to become known to employers. I am thinking particularly of the work that I have done on disability. Despite pretty extensive publicity, there was still some reluctance among employers to understand and take on board their responsibilities under disability discrimination legislation.

We probably face a similar situation with the issue that we are debating today, but 37 per cent. is not a bad knowledge base, given that we have some months to go before implementing the legislation. I hope that our "Age Positive" campaign and the "Be Ready" campaign, which we are running with our partners, will help to build understanding of the new legislation so that there is compliance when it comes into force in October.

I agree with what my hon. Friend said about the advantages of older people staying in work. That is better for the individual in terms of their prosperity and status in society. There is also a growing body of evidence that work can benefit individuals' health and well-being and can prolong life rather than reduce life chances. He was also right to draw attention to the benefits to society—not only the gains from additional income, but those from less expenditure on benefits, health services, social services and social infrastructure to support individuals. There is also a loss of productivity to society if we do not take full advantage of the capabilities of older people.

My hon. Friend talked about whether we should waive employer national insurance for those over 65. He will know that that recommendation emerged from the Turner commission. We are considering it and we will report on the way forward that we want to pursue, having considered the Turner review.

My hon. Friend talked about whether we could go further on greater advantages to individuals through the tax and national insurance system. Again, we constantly review our position on that to see whether we can do more. He talked about greater help for those who defer taking the state pension. We have made huge progress in that regard, but I will take his views on board as we consider how we can better benefit from the undoubted huge strength that we have in older workers, whom we want to keep in work and contributing to the well-being of our society. We also want to ensure that they, too, feel that they make an individual contribution.

First World War Veteran (State Funeral)

1 pm

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): I rise to open this short debate on the proposal that we grant a state funeral to the last surviving veteran of the first world war resident in the United Kingdom. Unusually for an Opposition politician, I begin by thanking the Minister for his remarkable co-operation, help and support, and also that of his officials, who have been incredibly co-operative and positive. I commend them for that, and I hope that the House will recognise the spirit in which the Government have approached the proposal.

This proposal originated with an approach some time ago from a constituent who was himself a veteran of the second world war. The idea was not unique to him—I believe that it had been around for a little while. He said that a state funeral would be a good idea and asked me why we could not do such a thing. I asked about the veterans of the second world war and so on. My father was one, and they all fought incredibly bravely. My constituent immediately said that the first world war was different, and that everyone who fought in the second world war recognised that. There was something peculiar about the conditions and nature of that conflict.

My constituent's proposal gave me food for thought, but the issue really came home to me when my wife and I were clearing out boxes of papers that, like other families, we had accumulated over the years. I found her on her knees, pulling papers out of a battered old briefcase. I was struck by the fact that she had been crying. I could not understand why, so I asked her, "What is the problem?" She had in her hands a series of letters from her great uncle, who had fought in the first world war. He was 17 years old when he left school. He was a scholarship student—a very bright man with a phenomenal future. He left school early and joined up in 1914. He was sent to the western front in 1915, and in the autumn of 1915 was wounded in action and died about a week and a half later of septicaemia, which is something that today we can cure with antibiotics.

My wife said, "This is our son." Our son was just turning 18, and I immediately imagined what it must have been like for mothers across the land who would have been staring at letters like those at that time. That brought the matter home to me in a way that normal discussions might not have done. For so many families, the tragedy was enormous. It covered income scales, family backgrounds and social positions. Men of different positions and backgrounds died in the same way, and their mothers and fathers wept for them in the same way.

Therefore, I was enormously pleased that so many colleagues of all political parties, including those here today, supported my early-day motion, in which I proposed that we give a state funeral to the last surviving veteran of the first world war living in the United Kingdom.

Why make the proposal? It is, of course, not just about an individual but about the representative of an entire generation. The caveat is that the individual concerned and their family must agree to the proposal beforehand. As the Minister knows from our

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discussions, the fall-back position is that there should be some form of commemoration if the family do not wish to have a state funeral. Ultimately, we will be guided by their sense of what would be right.

I stress, however, that the priority position for me and many people to whom I have spoken about the matter is that we have a special occasion, and the most powerful way to commemorate it, even if it is not the only way, is through a state funeral. In the past, state funerals invariably have been granted only to members of the royal family or to those of the great and good, even if they were commoners, who rose in political or military terms. This state funeral would be unique: it would be for an ordinary person who had served their country, a representative of the peculiar generation that started a peculiar century—the 20th century, which was the century of the common man.

The suffering and the casualty lists show why such commemoration is necessary. Perhaps I could remind the House of some of the staggering figures. The number of British and empire soldiers, sailors and airmen who were mobilised and who served was just under 9 million, of which just under 1 million died and 2 million were wounded. I should remind the House that the bodies of 500,000—half the total who died in service—were never found.

Other aspects of the first world war that made it so peculiar were the nature and horror of it. Gassing occurred for the first time. Some 8,000 British and empire servicemen died directly and immediately as a result of gas attacks, but it is estimated—we will never know for sure—that some 200,000 of our servicemen suffered from wounds and long and lingering illness directly as a result of gassing, which did not happen in the second world war. Our servicemen were not alone: all around the world, the casualty lists were staggering.

The conditions were breathtaking. To give an idea of what that sort of warfare was like, perhaps I could read a small section from John Keegan's excellent book on the first world war. He states:

"A young British officer, Gerald Brenan, crossing subsequently captured ground in the fourth week of July, found the bodies of soldiers wounded on 1 July who had"—

as Mr. Brenan wrote—

"'crawled into shell holes, wrapped their waterproof sheets round them, taken out their bibles and died like that'. They were among thousands whose bullet-riddled bodies gave up life that day"—

that was during the battle of the Somme—

"or afterwards, beyond the reach of stretcher bearers or simply lost in the wilderness of no man's land. Even among those found and carried back, many died as they lay waiting for treatment outside the field hospitals, which were overwhelmed by the flood of cases."

The conditions were peculiar, as was the nature of their service: that strange sense of duty and determination that carried them through such appalling conditions.

I have been most struck in the course of our debates and discussions by the attitudes of the young. I have received a flood of letters from people all over the country about this matter. I have been moved by many who have written to or contacted me or my office, but perhaps most moving has been the pile of letters from young people at school who, whether with their teachers or individually, have chosen to take up this subject and write about it. It has been heart warming to realise that they also understand the need to remember. I shall read short quotes from the letters of two young girls in year 9 at a school in Watford. The first one states that

"holding a state funeral for the last soldier ... will bring back memories of all the soldiers and show all new generations how important those soldiers are to us."

Her classmate wrote:

"I also believe it would mark the end of a brave generation".

That generation included people such as my wife's great uncle, who wrote this about one small episode in the trenches on 2 June 1915:

"You can best imagine the state of things here when I tell you that Capt. Webb and myself are left to man the company alone, while no. 9 and 10's fighting strength is reduced to 25 or 30 apiece."

I remind the House that he was 17 and a half years old, and in charge of a company. He continues:

"Poor Davies, you know was last seen on the parapet of the Redoubt, and never returned: he is either ... a German prisoner, or was buried by them the next day".

I believe the matter to be important because we must mark and commemorate the passing of this generation and remind ourselves that all of our commemorations started with the burial of the unknown solider from the great war. A society that forgets its past and is embarrassed about remembering the sacrifice of those who have gone before is one that loses its past and, with that, loses its future. As those young people I referred to were able to remind me and many of my colleagues, there is something special about pausing to remember. We are not dwelling on or glorifying war, but remembering the sacrifice of those whose sole responsibility was to aid and abet their colleagues and to protect and defend the society in which they lived, and which nurtured them.

Bob Russell (Colchester) (LD): I am grateful to the right hon. Gentleman for giving way, and for the splendid way in which he presented his case. As one who moved an amendment to his early-day motion. and as one of the parliamentary advisers to the Royal British Legion, I urge that whatever happens should be done with the full co-operation and involvement of the Royal British Legion. Although we are on the edge of history, there is always the possibility that the family of the last known surviving soldier may feel under pressure. The commemoration is well worth pursuing, but a state funeral may be a bridge too far.

Mr. Duncan Smith: I say to the hon. Gentleman that we have been in contact with the veterans association and the Royal British Legion throughout. Obviously, we have not tried to contact individual veterans directly because that would be quite wrong. We have left that to the associations. By and large, I understand that there is a compliant sense among many veterans: they think that this would be a good idea. However, that could change and there may be one or two who do not agree. Of course, we should have a commemoration if we cannot get a state funeral and the family's word is final, but I have gone for a state funeral because it is something peculiar and special in which the whole country would take part and in which we would celebrate, commemorate and recognise the peculiar sacrifice of not just this individual, but of the individual on behalf of the whole of their generation.

I urge the Government to do whatever they can and they have already expressed that wish to me. We have Remembrance Sunday, and to those who say that that is enough, I say that there is a problem with institutionalising commemoration. There is the idea that we have set this Sunday aside, but sometimes we must challenge ourselves a little more so that when we say "we remember", we really do remember, rather than just go through the motions. Something special, such as a state funeral, would be necessary to do that.

I conclude in the words of someone who is far more eloquent than me, who died a week before Armistice day and is now remembered as one of the greatest of the first world war poets:

"Move him into the sun—
Gently its touch awoke him once,
At home, whispering of fields unsown.
Always it woke him, even in France,
Until this morning and this snow.
If anything might rouse him now
The kind old sun will know.

Think how it wakes the seeds,—
Woke, once, the clays of a cold star.
Are limbs, so dear-achieved, are sides,
Full-nerved—still warm—too hard to stir?
Was it for this the clay grew tall?
—O what made fatuous sunbeams toil
To break earth's sleep at all?"

I hope those words come through clearly to all who read them. They are the words of Wilfred Owen.

1.15 pm

Andrew Mackinlay (Thurrock) (Lab): I want to thank the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) for his initiative in suggesting that we commemorate the lives of all the people who participated in the great war by having a state funeral for the last known United Kingdom veteran of that great conflict.

The right hon. Gentleman referred to some of his family and I bear in mind my grandfather, Private Edward Joseph Beanes of the Royal Fusiliers, whose medals I proudly hold today, and his countless colleagues who participated in that conflict. It is important for us to commemorate and learn lessons. As the right hon. Gentleman suggested, schoolchildren in particular can draw a great deal from that and give us older ones an opportunity to reflect on the real meaning of conflict.

The right hon. Gentleman mentioned how rarely we have state funerals and I draw your attention, Mr. Caton, to this very room. You can see opposite you the picture of the laying to rest of the unknown warrior by George V. That picture shows a state funeral. That was the beginning of the process and this proposal, if adopted, will be the end. I hope that there will be a comparable, contemporary picture marking the occasion in the House in future.

I suspect that this state funeral will take place this year or next year, so I hope that many hon. Members will join me on 1 July at the Somme in Thiepval. It will be particularly poignant and important to those people who want to commemorate the great war. I shall also reflect on the hon. Members who gave their lives in world war one. Every time we go into the Chamber, we notice the crest commemorating hon. Members who gave their lives during world war one, particularly Willie Redmond. Elsewhere in the Palace, Thomas Kettle is commemorated, among many others.

It seems to me that the first world war is a unique social and political watershed. It was the end of cavalry and the end of people going to war in ceremonial uniforms; the Highland regiments wore their kilts for the last time in conflict. It was the beginning of the tank. It was the first aviation war: in that short space of four years planes went from little more than kites doing a bit of scouting to the first bombers. Regrettably, it was the first time that weapons of mass destruction were used, such as chemical weapons and so on.

Moreover, Governments had to reflect on the conflict. Inadequate as the response was at Versailles and in the subsequent treaties, there was nevertheless a conscious theme that politicians had to reflect to try to avoid conflict. The creation of the League of Nations afterwards was not a failure; it was a start. The war trials that took place in Leipzig were not a failure; they were also a start, and we are still struggling today with the embryonic system of international norms for war crimes.

Most important of all, the war brought about the women's franchise: a universal franchise for the United Kingdom. After women had participated so fully on the home front, and on the western front in the various nursing services, there had to be a recognition of their efforts. There had to be universal adult suffrage. It was given grudgingly after the first world war—it was not given to women on the same basis as men immediately—but it was no longer resistible.

For those and many other reasons, I hope that the Minister and the Government will respond in the way suggested by the right hon. Gentleman. There would be overwhelming acclamation of such a decision, and we wish it God speed.

1.19 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): I begin by congratulating the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) on securing this debate on the topic of a state funeral for the last surviving veteran of the first world war living in the United Kingdom. I also thank him kindly for his opening remarks. The meeting that I had with him was very helpful; he made some good comments and gave very helpful advice, which I appreciated greatly. He made a powerful argument this afternoon, and everyone who listened to his comments was moved not just by the content, but by the tone in which he addressed this difficult and serious matter.

As the right hon. Gentleman knows, I share his concern that the passing of this special generation should not go unmarked. Their service and sacrifice deserve our admiration, respect and gratitude, and it is the Government's intention that all those who participated in that "war to end wars", as it was thought of at the time, should be suitably commemorated. I hope to be able to make a statement to the House shortly, setting out how we intend to do that. In essence, we have focused on two main options: either to provide a high-

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profile funeral for the individual as the representative of all those who served or, following the death of the last known veteran, to hold a national memorial event for the passing of the generation. The right hon. Gentleman made that point.

Today, however, I would like to outline the main issues that have exercised us as we have been developing our plans. Recent television programmes such as "The Last Tommy" and "Not Forgotten" tended to focus attention on the role of the soldier on the western front. Perhaps the most poignant and lasting image of the first world war is that of the Tommy in the trenches in Flanders. The roles of the Royal Navy and the Royal Flying Corps can, unfortunately, be overshadowed in the mind of the public and the media. They tend to be forgotten, as do the many other theatres of war and the vital support provided by service personnel at home. The first world war was, in every sense, truly a world war.

In our armed forces, every man or woman served in the capacity to which they were directed, and it would be unacceptable to single out any branch, trade, posting or theatre for greater prominence than any other. Every one of those people made a huge contribution to victory in that awful war. Some might have served for only a few weeks by the date of the armistice, some might not have finished their training or have left the UK, and many might not have seen a shot fired in anger. That should not debar them from receiving due recognition as veterans who served during the first world war. Those who survived were all veterans.

In formulating our plans, we also need to take account of any individuals who might live in the UK but who are not British citizens, although they joined and served with the UK armed forces during the first world war. Any surviving Irish veterans, who would have been British citizens at the time, need to be considered too.

We also have a practical problem, as we are not sure who the last veteran is, or who that person will be. More than 6 million men and women served in the UK armed forces during the first world war, and more than half the service records of that period were destroyed in the blitz in 1940. The situation is worse for the Women's Army Auxiliary Corps, as only 12 per cent. of its records were unharmed. Surviving records can tell us who served, but not whether they are still alive. Most of those who survived were demobilised after the war, and for the past 90 years they have had no reason to contact us. They have no obligation to notify the Ministry of Defence of their existence, nor do their next of kin have to inform us of their death.

The first world war veterans we know about are those who have identified themselves voluntarily. To monitor the existing veterans and, whenever possible, to identify others, I and my staff have regular contact with Dennis Goodwin, chairman of the World War One Veterans Association. He acts in an informal capacity as ambassador, spokesman and co-ordinator of the small band of known veterans. We are hugely grateful for his contribution to our discussions.

Inevitably, the number of surviving veterans of the first world war will dwindle, but the number of those known to us goes up as well as down. For example, the announcement of the death of our last known female veteran prompted claims that there are two others still alive. My officials are researching their backgrounds to confirm whether that is the case. The French have also just discovered a further two veterans, which is not a surprise. We estimate that there are in the UK more than 400 citizens of an age to have served at some time during the first world war. It is likely that there are others of whom we are not aware.

Some people signed up under assumed names, while many others falsified their age to join. Some known veterans emigrated after the war, and there is a high possibility that others of whom we are not aware did the same. Many women who served will have married subsequently and changed their names. Tracing them all is an impossible task.

In short, there is no complete list of surviving UK veterans, nor do I think there ever will be. Consequently, identifying the very last veteran with any certainty is impossible. The US and Australian Governments have acknowledged the same problem.

We must consider another key point. Whoever the last known veteran is, he or she is not just a representative of that generation. They are also somebody's parent, grandparent, great-grandparent, or somebody's husband or wife. We must be sensitive to what the family would want in the circumstances and to how they would want the commemoration or service to mark the death of their loved one.

Veterans of many conflicts seek to forget the traumas of warfare and often desire a simple family funeral without fuss or military overtones. The right hon. Gentleman made that point fairly. A number of the known first world war veterans have indicated that they and their families would not welcome any wider public intrusion. I am sure the right hon. Gentleman agrees that their preferences should be respected. Indeed, he said as much in his speech.

Even defining the parameters of the first world war is not as straightforward as it might at first appear. End dates range from Armistice day on 11 November 1918 to the official cessation of the war on 31 August 1921. Those are some of the key issues in our deliberations on this sensitive matter. I hope hon. Members appreciate that this decision needs careful thought.

I am encouraged by the high public interest in the subject, and that interest has read across more generally into veterans' issues. I am encouraged, too, by the comments of hon. and right hon. Members in this House. Being sensitive to the fact that veterans are still alive, I hope that the emphasis being put on what we should do after their passing translates into a public celebration of their remaining time with us. That has to be recognised, and it is proper that it should be.

When the last surviving veteran dies, their memory and the living link to the horrors of the first world war will continue for at least two generations through their children and grandchildren, some of whom are themselves veterans of later conflicts.

The right hon. Gentleman referred to letters that he has received from children in his constituency. Through education and the involvement of children and schools with veterans in "living history" initiatives, an understanding and appreciation of the sacrifices of that early 20th century generation will continue.

Whatever we do, we shall take all steps to ensure that first world war veterans and the sacrifices that they made are remembered, as the magnificent painting in this room helps us to remember the funeral of the unknown soldier. It is a duty of all of us in this place to ensure that we take the right decision. It will not be easy, and there are many sensitivities to explore, but I hope that colleagues understand that I fully take on board their points.

I pay tribute to the right hon. Gentleman, who initiated this debate, for his comments and advice. I hope shortly to make a statement to the House, so that colleagues understand how we shall take this matter forward.

Football Players (Behaviour)

1.28 pm

Mr. Graham Allen (Nottingham, North) (Lab): I come to this debate not because footballers any more than MPs are the cause of society's ills, or because footballers reflect society's ills, but because they can help us to do something about them. In my constituency and city, we are attacking antisocial behaviour in one of the country's most deprived and educationally under-attaining areas. At every primary school, alongside literacy and numeracy, we are seeking to teach social behaviour to develop youngsters' emotional intelligence and empathy, and their ability to learn, resolve differences without violence and develop mutual respect. Those same youngsters go home, and those lessons are not always reinforced by their sporting heroes.

Just over 12 months ago, I asked the Minister about the insidious effect of footballers' bad behaviour on the behaviour of young people. He told me in a written reply that he had written to all football club chairmen in the hope that they would lobby their players to behave. It has not worked. However, the Minister does not run football. English football is run not by the state, but by three private companies—the Football Association, the Football League and the premiership. But even they cannot change the rules of football. That role lies with the global rule-setting body, FIFA, which has already failed to respond to the FA's calls for retrospective penalties and, at the other extreme, has responded to English football's request to attack racism in global football, but in a crude and disproportionate manner. However, football is now of such social significance that we should all reflect on our responsibilities.

I wish to use the debate to put on the Minister's agenda the issues that people have brought to my attention in the last two weeks of my local consultation. There is a remarkable similarity of views across the spectrum, from the local Crown prosecutor and the chief executive of Nottingham council through to local beat officers, teachers and parents. They see pictures of a referee surrounded by a mob of bawling players, who are showering the referee with foul language and physically intimidating him. That teaches youngsters that if they reject a decision made by someone in authority—be it a teacher, a policeman or a parent—it is acceptable to berate or intimidate him or her to get the decision changed.

My consultation shows that there is a public thirst for those footballers who are in the public eye to devote time to showing youngsters that football is not about immature, spoilt behaviour and making money. We need to demonstrate that football is about teamwork, honesty and fairness, as it is for most of the 37,000 football clubs in England, the vast majority of which are tremendous role models for our young people, and for the young athletes who show dedication in their lifestyle to get to the top. A small number of people are the problem, but none the less they are often the most important people in the game.

I want the Minister to address six key problems. The first is behaviour on the field. Cheating must be punished at the time of the offence when possible, and afterwards with the benefit of TV replay if not. The FA,

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to its great credit, has proposed that but cannot move without FIFA's okay. Penalties should not only be financial but, since many clubs and individuals can afford them, offenders should also be banned. How can we expect youngsters to learn the values of hard work and honesty when they see their idols grinning after their latest con, or disguising petulance and poor sportsmanship as "attitude"?

Young men, especially those with absent fathers, crave role models and—like it or not—footballers often meet that need. At the most extreme, those with a predisposition to violence find it endorsed or justified in football. Lame excuses about a few bad apples are no longer acceptable. Bad behaviour in football is unacceptable and needs to be tackled fearlessly. After appropriate public debate, will the Minister convene a summit of all the relevant organisations and authorities in football to agree and to thrash out a way forward?

My second point is about the treatment of referees. Referees' decisions should be final, not the start of infantile behaviour escalating to arguing, abuse and collective intimidation, and such behaviour should lead to immediate dismissal from the field. The FA must look again at referees' powers. Rugby union shows that such player misconduct can be eliminated, not least by an intelligent running commentary on the game from the referee and the convention—not law—that only the captain may ask to speak to the referee. Dissent is punished with a repeatable 10 yd penalty. I have asked the FA to propose such measures again to FIFA for football. Managers would soon teach players that such behaviour harmed their team and their wage packet. I hope that the Minister will take the opportunity unequivocally to back referees and extra powers for referees, as well as the FA as it proposes change to FIFA.

The third issue is the off-the-field conduct of parents and spectators. A trip to the local park at the weekend to watch a youth game is a chastening experience. The worst offenders are the parents. Often, referees are no more than 14 or 15 years old, yet they have to deal with intimidation from people old enough to be their parents. Most premiership academies, I am told, no longer allow parents to watch their children because of that problem. Although a better example must be set by professionals, parents, too, must play their part. The clubs also have a strong responsibility.

More pressure must be put on clubs to enforce better behaviour, either contractually or through a code of conduct that incentivises good behaviour. Players must be taught by clubs the social skills to recognise the impact that they have on others and be supported to become better role models on and off the pitch. As one police officer replied to my consultation,

"they need to become professionals in the moral as well as financial sense".

Although the FA is a not-for-profit organisation, and all funds go back into the game, one idea suggested was that the players' fines should go to the FA, and be more obviously put into a "community chest" to educate players about drinking, smoking, social responsibility and so on. Sponsors, too, can play an important part; they have a clear interest in associating their products with high standards of behaviour from the players who wear their logo each week.

We already enshrine into FA contracts the guidelines for a certain percentage of players' time to be devoted to community activities. I underline again that most professional footballers and most clubs act in a responsible way: 5 per cent. of gross TV royalties go on corporate responsibilities and an additional £12 million goes from the premiership clubs to the Professional Footballers' Association for education. Will the Minister consider rewarding more obviously and more publicly those clubs and individuals who serve the community, and introducing incentives and public recognition for those who behave well?

Already three UEFA cup places are awarded to the three national associations in Europe with the best fair play record—a great incentive. Accordingly, those three places are given to the clubs with the best fair play record for that season. Football in the community schemes, the "Kick It Out" campaign, and many other campaigns sponsored by those in and around football have already proved what football can do when it sets its mind to the task. Perhaps we can do something similar with the campaign on homophobia, with equal success.

As a focus for the effort and as a way of making a clean start, I suggest that the Minister considers a public declaration that the FA, PFA, premiership, league and the League Managers Association, as well as the media, will confront and eliminate bad behaviour. I ask him to organise that at the beginning of the next football season and publicly to sign up everyone in a ceremony that should be replicated on the first Saturday of the coming season at every ground from Wembley, where they will be playing the charity shield—perhaps not this season, but one lives in hope—to the local recreation ground. That ceremony should be replicated throughout the land, from the finest grounds to the local pub 11 playing their knock-about game, to signify a new start to a new season. I hope that the Minister will consider entertaining that idea and taking the lead, even given the limited powers that he has over the game.

My next point is about the basic education of the young athletes, which also has to be addressed. Most youngsters do not make it at football clubs and even for those who do their careers are short. Preparation for later life for both groups is essential, not least some financial education for those who make it. In the United States, colleges that take on young athletes—many of whom go on to become professionals—are allowed to take a certain number of young people on athletic scholarships if their grades are perhaps not as strong as they might be but show some academic potential. Those colleges then have a duty to ensure that their players reach a certain academic level. If they fail to do so, the number of scholarships the following year is cut down. In an age when we demand five good GCSEs of all youngsters, can we not insist on stretching personalised learning programmes for all young people in football? That should be the minimum standard for any football club that signs a teenage footballer. That would make every club take the same level of care and responsibility as the best. Education, discipline and standards would also improve young footballers' behaviour on and off the pitch. Again, I ask the Minister to use his good offices to negotiate that basic educational standard with the relevant football authorities.

We must recognise the media's role in helping footballers' behaviour to influence society—for good or ill. The media must report what happens on the field, but

they can also influence our perception of it. The smirk or cynical wink of a commentator—a Lineker or a Hansen—in front of a viewing audience of millions, many of whom are youngsters, can undo much of the good work that is done at home or at school. The media must sign up not to glamorising violent, cheating players, but to exposing them for what they are. They have an even bigger responsibility when it comes to reporting off-the-field behaviour, and that is particularly true of the press. They have the power of choice, but if they continually choose to report only on the tiny minority of players who cheat on their wives and children or who are binge drinkers, drug users, excessive gamblers and criminals, they should not be surprised when, on the inside pages, they report on youngsters who follow the same example. It is not an easy issue to tackle, but I ask my right hon. Friend, who is well aware of the difficulties involved, to speak to the game's important non-playing players—the media—to see what can be done to achieve a stronger ethic in the coverage of sport, and particularly football, because that coverage has an influence on our young people.

The nation is reaching the conclusion that the current system is unacceptable, and we want to improve it. There are no easy answers, and we must all work together to find a way forward. Changes are necessary, and I have several clear questions for the Minister. First, what plans does he have to improve behaviour? Will he convene a summit to thrash out a way forward, support referees, reduce cheating and improve parental behaviour? Secondly, will he publicly reward clubs whose players set the best examples? Thirdly, will he use the first day of the season to launch a sportsmanship in football or a similar initiative, which will range from the premiership down to the local recreation ground? Fourthly, will he make representations to FIFA, which writes the rules of football, to ensure that the FA's sensible requests can be met? In that context, can he tell us when the independent European football review will report and what impact it might have on the issue? If FIFA and others refuse to play ball—if I can use that phrase—will he look at the domestic independence of English football and at whether we can have rules in the domestic context that we feel are appropriate? Finally, will he challenge the PFA to engage senior players who are clearly not engaged in promoting better behaviour?

I sought this debate not to score easy points or to talk about current issues in the media, such as diving, gambling abuses or wages, but to focus on an important issue for my constituency, where people are working night and day to improve young people's behaviour. At three consecutive Prime Minister's Question Times, I have raised with the Prime Minister the importance of promoting social behaviour as well as tackling antisocial behaviour. I hope that everything that professional footballers, MPs and everybody else does will be done with an eye to underpinning, rather than undermining, the efforts that all of us, particularly in tough constituencies with poor educational records, are piling in to help youngsters make a better life for themselves. We in this place can do more than anybody on that issue, but professional footballers and the game itself can also make a contribution, and I hope that the Minister will be able to move the professional game towards helping us some time in the next year or so.

Several hon. Members *rose—*

Mr. Martin Caton (in the Chair): Order. I can call other hon. Members only if they have the agreement of the initiator of the debate and the Minister. Do other hon. Members have the agreement of the initiator of the debate to speak?

Mr. Allen: No.

1.45 pm

The Minister for Sport (Mr. Richard Caborn): I thank my hon. Friend the Member for Nottingham, North (Mr. Allen) for securing this Adjournment debate. The issue is important and probably timely, given that the World cup, which will take place in Germany, is just a couple of months away. It is probably the greatest showcase for football in any four-year period and it will give the young players my hon. Friend mentioned a great opportunity to show their skills and technical ability to a worldwide audience. As he also said, we hope that those players will display the respect and on-the-field behaviour commensurate with such a great competition.

Let me mention in passing two great events that took place this weekend. After 44 years, the great football team of Accrington Stanley have returned to the Football League, where they rightfully belong, and I pay tribute to Eric Whalley, the club chairman, who stuck with it. He has been a teetotaller for 20 years, but I gather that he had the odd drop of champagne this weekend. Nevertheless, he deserves it, and it is great to see Accrington Stanley back. In addition, Sheffield United will be rejoining the premier league next season. With Sheffield United going up, the premiership will truly be able to call itself the world's premier league.

To return to the debate in hand, the World cup is taking place in two months. As my hon. Friend said, football has a huge profile, and huge influence goes with that. It is worth reminding ourselves that every week 800 million to 1 billion people in 195 countries watch the 20 teams in our premier league. As he also said, football affects young people in the UK, but it has massive influence worldwide, too. It is therefore incumbent on the football authorities to ensure that that influence is used as a force for good and it is important that a good example is set on the playing field.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): I rise as the chairman of the all-party Scottish football group and I certainly identify with the points made by my hon. Friend the Member for Nottingham, North (Mr. Allen). He asked for a summit at the start of the season to discuss these issues. Will the Minister consider inviting representatives of the other home countries, because, as he rightly says, watching football on television has an influence on youngsters?

Mr. Caborn: I will try to answer some of the arguments put by my hon. Friend the Member for Nottingham, North, and then we might be able to see whether such a summit would be worth while. I agree with him that the football authorities should continue to take a tough stance on the issues that he outlined to ensure that players who misbehave are adequately dealt

[Mr. Caborn]

with. There must also be support for match officials, and let me say very clearly that referees and other match officials have my full support and that of the FA.

My hon. Friend raised five or six main points, and he was courteous enough to let me know in advance the issues that he would be covering, so let me go through them. First, as he indicated, I have written to the chairmen of all professional football clubs asking them to speak to managers and, through them, to players. I have done that on two occasions and I will continue to do so to raise the issue of responsibility, because the responsibility and leadership that we need to stamp out bad behaviour start in the boardroom. It is a matter of setting policy, and those in the boardroom are responsible for that.

Any business or organisation has corporate and social responsibilities. Those responsibilities rest with the people who make the decisions, and footballing decisions are made in the boardroom. It has to start with leadership from there. That is why I took it upon myself, as Minister for Sport, to write to all professional clubs and raise the issue once more, and I will do so again when I believe it to be necessary. I did so for a good reason: when I go round the country—and, indeed, Scotland—I hear time and again that, as my hon. Friend said, what happens on the park on Saturday also happens in the playground on Monday. The players have influence on young people, but their behaviour affects not only those referred to by my hon. Friend, but people right across society.

I underline again why there is no need for such indiscipline. In other tough team sports such as rugby union or rugby league—there is no tougher sport than that—or even in cricket, which may not be as tough but is certainly as well fought and competitive, respect for officials among the peer group far exceeds that in football. I see no reason why the conditions and the discipline that prevail in those tough sports should not prevail in football.

Bob Russell (Colchester) (LD): I congratulate the hon. Member for Nottingham, North (Mr. Allen) on securing this debate and endorse everything he said. When the Minister writes to the football clubs, does he also write to the rugby league and rugby union clubs? As he said, those sports involve far more physical contact than football. If not, what is his reasoning as to why football misbehaves as it does?

Mr. Caborn: I have not written to rugby league or rugby union clubs, nor to cricket clubs or those of other team sports. In that respect, we might even think of ice hockey, which is another contact sport. Yes, I have raised the subject with the football authorities, but I might also raise with them—indeed, I thank them for it—the fact that, as my hon. Friend said, the vast majority of players not only conduct themselves fairly on the park, but do a tremendous amount of good in the community. Later, I shall put down a few markers about the role of football and the majority of players.

My hon. Friend asked whether representations should be made to FIFA, requesting it to meet representatives of the FA, particularly on the question of discipline. It is not easy for FIFA to square up to that, but I have some sympathy with my hon. Friend. Indeed, I know that the FA has made strong representations to FIFA, asking it to consider recent issues that have affected football, especially the question of diving.

Although I acknowledge that my hon. Friend does not want to home in on the question, I believe that it is something FIFA could consider. I understand the position of FIFA's president on the question. FIFA has to give governance to the game internationally and its president will argue strongly that although the developed countries of western Europe have the facilities—for example, a premier division football match in England is filmed by eight television cameras—that is not the case in parts of Africa or Asia, nor in other parts of the world. FIFA wants to ensure that the rules are universally applied and that governance of the game is universal.

That argument has some merit. However, other arguments are being made by football authorities in England, and I have discussed them with a colleague and friend, Keith Hackett, who is the senior referee. He heads up the referees' organisation. As an aside, Mr. Caton, I can tell the House that he sent me off once—I got a red card—which shows what an objective man he is. However, that was some years past. The discussion going on inside football is one that FIFA could consider, and we should consider whether to run some trials, as Keith Hackett tells me that one of the most difficult things a referee has to do is decide whether someone is diving.

We could consider what happens in rugby league. In that sport, players can be put on report and incidents can be considered on video after the match. Other options could be considered by the FA, but an experimental period over a season could also help to inform FIFA decisions. I acknowledge that the president of FIFA has a problem: he is the president of an international organisation and I know he wants to ensure that governance is as fair internationally as it can be. There is some merit in his argument, but it is a finely balanced one. Football has changed dramatically over recent years and perhaps, as in other sports—even international ones—we ought to bring in new technology.

My hon. Friend referred to the independent European football review on the governance of football in the European Union. Without going into too much detail, Heads of Government said in 2000 that sport has a particular role to play in the Community. That was specified in the Nice declaration, and EUFA is interpreting the declaration to see how it fits with football. It will be considering the governance of football in relation to the EU. Many know that EU and Commission regulations and directives have had a considerable impact on football, and the review is being undertaken in that context.

I assure my hon. Friend that social inclusion is not specifically about behaviour on the park; it is also to do with supporting grass-roots football and examining ways to support, encourage, educate and train new players. The health of young players is also very much part of that review, which I hope will be completed by the end of May.

What we have been doing in England, and in the UK, is an exemplar for football—I am thinking of football in the community and the playing for success initiative. The latter has had one of the biggest impacts on education, numeracy, literacy and information, communications and technology, or ICT, skills of almost anything the Government have undertaken in the past seven or eight years. It was driven largely by football professionals putting at our disposal the grounds, players and know-how of the clubs, and it has made a massive contribution to social cohesion.

My hon. Friend also asked whether we would consider the domestic independence of English football if insufficient progress was made through FIFA. We have FIFA, EUFA and the FA. That is the line of command for the sport, and I would not want the FA to break away from that. I know that dialogue continues between FA and FIFA on a number of issues, which is how it should be. There should be no political interference and the two should work for the good of the game. This is about the good governance of the game. I am sure that much of what we are developing in England will influence Europe and the world. That is how it should be. As with every other game or sport, developments should be within that broad governance.

My hon. Friend asked whether I would wish the Professional Footballers Association to engage those players who are not engaged in promoting better behaviour. In my view, the PFA does a first-class job in this area, and I know that Gordon Taylor promotes it strongly through the Prince's Trust, helping many young people to get back into society through football. The commitment of two to three hours a week to community work for each player is part of the charter and the contracts that the professionals sign up to.

Mr. Allen: In the few seconds that remain, will my right hon. Friend address the question of a summit and the relaunch of sportsmanship?

Mr. Caborn: I will give that consideration, but I cannot say this afternoon—

Mr. Martin Caton (in the Chair): Order. I am afraid that I have to send the Minister off again.

It being Two o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Wednesday 19 April 2006

[MR. MIKE HANCOCK *in the Chair*]

Belarus

Motion made, and Question proposed, That the sitting be now adjourned.—*[Joan Ryan.]*

9.30 am

Mr. Gary Streeter (South-West Devon) (Con): I am pleased to contribute to this Adjournment debate on the important country of Belarus.

Belarus, which is a country of 10 million people, was formerly part of the Soviet Union and is on the doorstep of the European Union. It abuts Poland, Lithuania and Latvia, which are all former Soviet Union countries and now full and welcome members of the EU. Like Poland, Belarus has had a difficult history. It is wedged between Germany to the west and Russia to the east. As my hon. Friend the Member for Mid-Norfolk (Mr. Simpson) with his expertise in military history knows only too well, sadly Belarus has seen occupying troops from west and east rampaging over its soil many times during the centuries. Its capital, Minsk, was particularly badly treated during the second world war. Unlike Poland, Belarus remains in poor shape to meet the challenges of the 21st century and a globalising world. Belarus adjoins Ukraine, which was also once a mainstay of the communist bloc, but is now a young and emerging democracy that aspires to join the EU, an aspiration that has my full support.

Unfortunately, Belarus, which is a European country, has become stuck in a negative time warp. Since 1994, it has been run by Alexander Lukashenko, who is sometimes described as the last dictator in Europe. I shall illustrate what he and the country are like. I was in Minsk just before the recent presidential elections and it was like stepping back in time. While I was there, Mr. Lukashenko spoke to a national convention in the capital for three and a half hours. His speech was punctuated with Soviet-style applause by the great and the good who were proudly displaying their medals. Every word of that speech was broadcast live by the state-owned television service, and when our meetings were over for the day we could rush back to the ambassador's residence and watch it again on an extended news broadcast. That was only a summary of the highlights, but it lasted one and a quarter hours. All that was just one week before the country went to the polls.

Since 1994 Mr. Lukashenko has systematically closed down the free press, banned most non-governmental organisations, stopped Churches meeting freely, imprisoned political opponents on trumped-up charges, outlawed street protests and filled all key positions in the Government, the judiciary and the electoral commission with his supporters. His party piece, which I did not witness, is to sack Cabinet Ministers on live television, showing firmly who is in charge. I hope that the Government here do not intend to follow that practice.

Our excellent ambassador in Minsk, Brian Bennett, demonstrates a real commitment to the people of Belarus and is a credit to the Foreign Office. He describes Mr. Lukashenko as someone who is not yet quite a dictator but is a coming dictator. He is slowly eradicating dissent and eliminating opponents. I heard that assessment with a growing sense of foreboding. He presides over an old-fashioned, centrally planned economy that is dependent on heavily subsidised Russian gas and oil. The state-controlled media daily reinforce the message that life in Belarus is good and stable, unlike in the volatile neighbouring countries where, they say, unemployment is soaring. All public sector employment contracts are for 12 months only and if employees do not do what the president demands their contracts are not renewed. It is as simple as that. The public sector in Belarus accounts for well over 50 per cent. of its gross domestic product, so a significant number of people live their lives on 12-month contracts at the president's whim. Any student who takes part in dissident activity is banned from further study.

It is chilling that the president, who is only 52, has a growing iron grip on his fellow countrymen that is becoming tighter by the day. When he was first elected in 1994, not long after the Soviet Union had collapsed, the constitution permitted a president to stand for only two terms. He has recently cajoled the citizens of his country into voting through a change in the constitution to permit him to stand again and, I suspect, again and again. It is worth emphasising that that unacceptable form of leadership is not on the other side of the world or in some bygone era. It is happening now, today on our very doorstep.

I was in Belarus to meet Opposition party leaders in the run-up to the presidential election on 19 March. They were campaigning bravely despite constant intimidation, harassment, the risk of imprisonment and personal risk to themselves and their families. Many had been imprisoned several times and accepted that part of being in Opposition politics in Belarus is that they would spend some time in prison. That is part of political life there, rather as we think of campaigning and knocking on doors as being part of political life in this country.

I am pleased that many democracy-building organisations in the west, including America, other European countries and Britain through the Westminster Foundation for Democracy, have worked for many years in Belarus to try to support and build capacity in fledgling parties and would-be politicians who struggle to usher in a new dawn of freedom and democracy in their country.

We all respect the Minister for Europe and I want to say in his hearing that much of the democracy-building work by political parties through the Westminster Foundation for Democracy in many parts of the world is unseen, long term and difficult to measure, but its contribution is one of the most important that the House makes to the developing world and to many countries that have no history of democracy.

One of the good things that happened in the run-up to the election was that most of the Opposition forces agreed to form a coalition around an outstanding man, Alexander Milinkevich, who is as brave and honourable a man as anyone could wish to meet. I had a meeting

[Mr. Gary Streeter]

with him for one and a half hours and left it feeling very humble and that I had been in the presence of a very special person.

One evening, I witnessed 3,000 courageous freedom fighters assembled in the centre of Minsk against the diktat of their Government and despite the best efforts of the police and the state storm-troopers who did everything in their power to deter them. I watched those brave souls march through the snow singing their songs of freedom while the riot police snaked around them. It was a truly inspirational moment that I will never forget. Mr. Milinkevich addressed the crowd and made it clear that they did not seek a revolution but simply wanted free and fair elections so that the people of Belarus could genuinely decide for themselves who should govern them.

It is not a matter for me, for this Chamber or for this country who runs Belarus. It is a matter for the people of Belarus. Our only concern lies in ensuring that they make the decision in verifiably free and fair elections. However, that is not what happened on 19 March when Mr. Lukashenko received an astonishing vote of 82.6 per cent. of popular support. We knew that it would be more than the 79 per cent. that he had predicted, but it takes some gall to suggest that 82 per cent. of the population voted for him.

Was that a genuine result? The preliminary report of the Organisation for Security and Co-operation in Europe, which is an experienced organisation that we all greatly respect, stated:

"It is clear that this election did not meet OSCE commitments and international electoral standards. The arbitrary abuse of state power, obviously designed to protect the incumbent President, went far beyond acceptable practice. The incumbent President permitted State authority to be used in a manner which did not allow citizens to freely and fairly express their will at the ballot box."

It continued:

"A pattern of intimidation, and the suppression of independent voices, including those remaining non-State print media, was evident throughout the campaign. Such actions impeded the possibility for vibrant campaign discourse, and raise doubts regarding the authorities' willingness to tolerate political competition on the basis of equal treatment before the law and by the authorities."

It goes on to talk about early voting, which is a very significant point. Whenever we talk about rigged voting—I shall come on to that point in a moment—the crucial question is how it is done. The report says that

"regulation of early voting is non-transparent and fails to provide safeguards. The lack of any official protocols to document the record of voting on each day of early voting, as well as the lack of security provisions for the closing and overnight storage of the ballot box, increases the possibility for electoral malfeasance".

It is not enough, it seems, for Mr. Lukashenko to brutalise all opposition forces, or for him to have sole control of all media outlets. He has gone on to ensure that voting procedures can be completely abused.

This is what happens: people who vote early can turn up at the polling booth seven days before election day. It turns out that 31 per cent. of the people voted early. That night, votes are taken away by the election officials, under no scrutiny and with no one overseeing what goes in the ballot boxes, and the boxes are put out the next day with no check made of them whatever. That is one clear possibility of abuse for 31 per cent. of the vote.

On election day itself, when the rest of the population vote, the system of informing the world of who has voted for whom consists of one person, a member of the precinct electoral commission. Unseen by anyone else or any of the opposition forces and not checked by any independent verifiers, in a small room on his own, he fills in a piece of paper saying who voted for whom. Would we accept that in this country as a fair way of recording who voted for whom? We would not. The situation is ripe for vote rigging and I have no doubt that this vote was completely rigged by President Lukashenko of Belarus.

It was announced that the president had won 82.6 per cent. of the vote, but what has happened since? Many brave citizens took to the streets to protest in larger numbers than ever before, but, sadly, the riot police were deployed in far greater force than before and many citizens were attacked and arrested. Hundreds have been imprisoned since 20 March and many of them were imprisoned by judges appointed by Mr. Lukashenko and those loyal to him, and, of course, he is quite capable of removing any judge. Some of those prisoners have not been heard of since.

On 20 March, I took part in my first ever street demonstration, outside the embassy of Belarus in Kensington. Standing there with people from Belarus, singing "Zhive Belarus", which means "long live Belarus", and waving their former white and red national flag was a very moving moment. We were there for about two hours. It was very cold—we were extremely brave—and the police were called three times by the people inside the embassy because they were frightened of our street demonstration.

I shall read an eye-witness account of some of the action in Minsk at about the same time. One person has written of her experience of demonstrating about the presidential election results in Minsk:

"Buses came to the square. We were surrounded. Riot police jumped out of the buses. They ordered us 'lie down on the ground'. We lay down, and every second or third policemen began to beat us. I held on to Vera."

That is her daughter. She continues:

"Some girl stood in the middle of the tent camp and began to pray. It was so dramatic. I couldn't believe I really was there ... One policeman grabbed Vera by her hair and pulled. Another screamed at him, 'Don't beat her, don't you see that she is totally young'. The other one beat her nevertheless.

They pulled her away. Then they threw me head towards ... the asphalt pavement. Falling down, I hit the ground with the back of my head. Then they hit me in the face. Now the left side of my face is injured, I have a bruise under my left eye.

They grabbed me as some pig, thrown into the bus. They screamed at us, called us pigs, asked what we were doing here, with this revolution. In the bus they kicked me in my back all the time.

I lie on the floor and thoughts are stirring in my head, 'Where is Vera?' I didn't recognise them. I fainted. When I regained my consciousness, I still haven't been able to recognise them for several minutes.

Then they prevented us from talking to each other ... they brought us to the prison ... the whole corridor was jammed with people. They treated us as real criminals, screaming, 'Face the wall! Stop talking! ... ' Then they went from one to another, asking, if there were underage children.

So we stood near the wall, I have no idea, how long. They arrested us around 3 a.m. And we had to stand facing the wall till around 1 p.m."

I am really sorry if there are people in the embassy of Belarus in Kensington who were scared of 30 people in suits standing peacefully on the street corner chanting a few slogans, but that is as nothing to what the Government of Belarus did to their own people who had the audacity to protest and campaign for freedom in their capital city. But the election is over, the protests, for now, are quelled and Mr Lukashenko remains in office with all the apparatus of the state to keep him there.

What is to be done? My purpose in raising this issue is to ask the Government of the United Kingdom to do all in their power to play their full part in putting the Government of Belarus under pressure to change their ways and provide for free and fair elections. I hope to hear the Government's strategy for seeking freedom for the people of Belarus. I also ask the Minister to spell out his understanding of what the European Union intends to do to keep up this pressure on this European country.

I know that there is no magic solution. No one, of course, is suggesting military intervention—let us get that out of the way right now. There is no silver bullet, but there are some things that can be done and I have three suggestions. First, the people of Belarus lack basic information about the true state of their nation, their president and the true nature of the EU and the surrounding states. In the absence of a free press, how could they get a balanced picture? Many are poor and have no access to electronic media. Could more be done, perhaps by the BBC World Service, to ensure that more broadcasts in Belarusian are transmitted to get the message across?

I understand that during the past three or four months the EU has sponsored radio transmissions into Belarus, which is a good thing. However, I was told while I was in Belarus that it is transmitted in such a way—I will not say, "Typical EU"—that hardly anyone can receive it. There is a technical problem, but I am not qualified to say what that is. Will the Minister please look into that? It is important that transmission of what is really going on in the outside world takes place and it is important that the EU takes a lead in that. Will the Minister ensure that whatever is being done is done as effectively as possible, and will he say what resources the Government are prepared to commit to getting a message of freedom to the people of Belarus?

Secondly, a key to this situation is clearly the giant of Russia, right on the eastern border of Belarus. Although I understand that President Lukashenko and President Putin do not enjoy a harmonious personal relationship, Russia is no doubt keen to see a non-democratic neighbour on its doorstep, in contrast to recent events in Ukraine and elsewhere. The economy of Belarus is kept afloat by heavily subsidised gas and oil. I do not wish the people of Belarus ill in any way, shape or form, but sometimes it can take the harsh wind of economic reality to bring a nation to its knees and to its senses. What pressure are the UK Government and the EU putting on President Putin about these subsidies and the Russian approach to Belarus generally? If the President of Russia is keen to portray himself as a democrat and world leader, is it not the case that he should be encouraged to take a more robust approach with this rogue dictator on our doorstep?

Thirdly, are we listening to the man who has managed to unite almost all opposition forces in Belarus, namely Alexander Milinkevich? He has called for the west to be tougher and more resolute. He has called for us

"to send a stronger message that Belarus has experienced a constitutional coup that brought to power a man who is not eligible for it."

He has called for "targeted repressive sanctions" against officials and judges responsible for arrests and jailing of opposition supporters, as well as the state media journalists for "deceitful" coverage of the protests. The EU currently bans visits from about six of the top officials from Belarus, and I ask the Minister whether it is time to extend that travel ban to make it bite more widely and deeply. What does he say in response to Mr. Milinkevich's calls for targeted, repressive sanctions? Does he agree that it should be a priority for the EU to bring about change in Belarus?

What is democracy about? It is about the rule of law, freedom of speech, an independent judiciary, a strong civil society, respect for human rights and, above all, the ability of a people to elect and remove their leaders through verifiably free and fair elections. None of those elements is present in Belarus.

The Conservative party has committed itself, through the Westminster Foundation for Democracy, to working alongside opposition forces in Belarus to stay the course until freedom finally comes to that European country. I appreciate that the Government and our friends in the Liberal Democrats feel just as strongly about the issue as we do. We will continue to raise our concerns about Belarus on the Floor of the House. Some people will say that this matter has nothing to do with us and that our foreign policy should be narrowly in the national interest, but it is in our national interest to help to spread freedom and democracy to all parts of the world. It is offensive to have that tinpot dictator on our doorstep.

I invite the Minister at the end of the debate to satisfy hon. Members that the Government and the EU will marshal all their resources, harness all their political will and do all that they can until the freedoms that we take for granted in this country are present also in Belarus.

Mr. Mike Hancock (in the Chair): Thank you, Mr. Streeter, for that fair presentation of a very difficult situation.

9.51 am

Tony Lloyd (Manchester, Central) (Lab): I congratulate the hon. Member for South-West Devon (Mr. Streeter) on obtaining the debate. That is the formula that we always use on these occasions, but in this case I sincerely mean it, because the debate is both timely and important. It is timely, coming so soon after the rigged election, and it is important because, as the hon. Gentleman explained, Belarus matters both to our country and in the context of the wider Europe. It matters in a more general sense almost at a global level.

One of the simple realities is that Belarus as it exists at present cannot continue indefinitely. The future for Belarus is either a soft landing, whereby it becomes acceptable to and will receive support from the wider Europe, or an abrupt, hard landing, which is not in the interests of the people of Belarus, of the people of the

[Tony Lloyd]

European Union or, in the end, of the people of Russia. None of us needs instability and a political or social black hole in the heart of what is an enormous piece of territory in central and eastern Europe.

We have a national interest in Belarus. I notice that the broadcasting signs are on, but I do not suppose that millions of people are glued to this debate. However, even though the debate may be dismissed as not of immediate relevance to people in this Parliament and this country, I emphasise that it matters enormously that Britain and the wider Europe begin to get the debate about Belarus right.

A rather odd thing about Belarus is that it is a member of the Organisation for Security and Co-operation in Europe—the hon. Member for South-West Devon quoted from the OSCE's interim findings on the election. One of the ironies about the OSCE is that to become a member a country has only to say that it subscribes to the organisation's values and does not have to do anything to conform to them. It is interesting that Belarus wants at least that level of international approval.

Belarus is not a member of the Council of Europe, which makes it unique in the European family of nations. It is the one country that has not been allowed to join. Some people would say that there may be other countries whose standards are not of the highest Council of Europe order, but it is interesting that Belarus is the one country on which there has been agreement that not only does it not approach the standards of democracy and the rule of law that we would expect from a modern European state, it does not even try to approach them. That is a tragedy for the rest of Europe, although it is mainly, of course, a tragedy for the people of Belarus, because they are the ones who, in the end, become the victims of the process.

There is another oddity—I am not disagreeing with the hon. Member for South-West Devon but nuancing what he said—in that President Lukashenko almost certainly would have won a free and fair election, partly because the people of Belarus, perhaps wrongly, still see themselves as better off than many of their neighbours who have gone through the upheaval of economic and political change. I strongly suspect that Belarus has much of that to come, so it is a difficulty deferred rather than a difficulty avoided. Nevertheless, President Lukashenko would probably have won a free and fair election, although obviously with a significantly smaller majority than that which he claimed to have obtained.

Mr. Streeter: I agree with the hon. Gentleman's assessment: that was the view of most people on the ground while I was in Belarus. Does he not agree, though, that if someone feeds their citizens a regular diet of positive media reporting about themselves and negative media reporting about their opponents, that does not necessarily give a true picture—even though it sometimes happens in this country?

Tony Lloyd: I might just nuance my answer on the totality of the hon. Gentleman's comments, but what he says is right in the Belarusian context. We know that the election was stolen probably by ballot rigging, but also by the total suppression of proper access for alternative voices—democratic voices—to the media. The media simply were not able to perform their role in the run-up to the election. Nor is there the structure of alternative voices through non-governmental organisations and civil society that we would expect in a society such as ours, or even in a much newer democracy. Those processes simply have not been allowed to exist, and where they do exist, they have not been allowed to take root and flourish. Again, that is a tragedy for Belarus because it means that it has been denied the opportunity to examine its future in all the different ways that that would mean.

The conclusion that everyone draws is that the election was rigged. I think you were there last week, Mr. Hancock, when the Romanian chairman-in-office of the Committee of Ministers of the Council of Europe made a strong statement on Belarus, making it clear that, across the whole European family, there was no ambiguity about the issue. There is one proviso, but the Council of Europe as a whole was of the view that the election was severely rigged. The oddity is that at the same time as the Council of Europe, the OSCE and most reputable bodies were condemning the election as rigged, the Commonwealth of Independent States concluded that the election was substantively free and fair. That is a significant shame, because it demonstrates a polarisation of views on Belarus between the European Union and those who take a similar view, and Moscow.

Our relations with Russia are of massive significance, but we have to say to the Russians that they are getting it consistently wrong about Belarus by going through a pretence that an election that was clearly flawed was free and fair. It was claimed that President Lukashenko obtained 82.6 per cent. of the vote—a ridiculous figure by almost any standard. I was almost inclined to ask the hon. Member for South-West Devon whether he could give me an accurate prediction of the result next time, as it is clear that President Lukashenko is ambitious to increase his share of the vote on each occasion. Such predictions may already exist in the presidential palace in Minsk. That cynicism, alas, is what we end up with. There is absolute cynicism about the capacity of Lukashenko to deal as an honest broker on behalf of the people of Belarus with the wider Europe and the wider world. He ends up with little credibility through this flawed or even non-electoral process.

Perhaps I should comment on another important issue that the hon. Member for South-West Devon raised: what happened after the election. There were not only protests outside the embassy in London, although I congratulate him on that. We have not only written witness accounts. Because of the wonders of the modern media, even in Belarus it was possible to see violence of a level that is simply unacceptable being meted out by the security forces and police to non-violent protesters on the streets of Minsk. I know not what happened elsewhere, but I could see on my television screen innocent people being savagely beaten by the security forces in a way that, frankly, ought to have led to criminal charges being brought against them, rather than against those innocent protesters, who were taking part in events that would pretty much be taken for granted in countries such as ours—and, indeed, throughout the entire European family. Even if such

events had taken place in Moscow, they could not possibly have been met with the same kind of reaction by the security forces in Russia as we saw in Belarus. In that regard, Belarus is the back marker: things can take place in Minsk that would not take place in any other capital city or society in modern Europe.

What should we do? I again share the agenda of the Member who secured the debate. There is no magic wand or silver bullet; instead, there is a need for consistent pressure over time. It is easy for us all to become agitated at the time of an election, and to say, "Yes, the election was fraudulent, let's protest—and then let's gently allow this to be forgotten as we move forward." For all manner of reasons, it is necessary to ensure that we maintain an interest in the Belarusian agenda, because—returning to my initial comments—it is an important country within the European family. It is important that Britain works through the European Union. There is no unique British position on this: there must be a common EU position. We should say to our colleagues in the EU that there must be consistency, and there must be a determination to maintain that consistent approach over the weeks, months and indeed years to come.

We must examine what level and package of sanctions can be made available that does not strike against the ordinary Belarusians. It is not a rich country by any standards, although it may be better off than some of its immediate neighbours. It is a fragile society, and its people are entitled to expect better than blanket targets that damage the ordinary Belarusian. However, we are entitled to study the roles of those who run that society, and to consider how we might target sanctions against the leadership and those around it. That is absolutely legitimate—it is absolutely normal and proper.

We must also look into how we can support free media. That may be done by broadcasting from outside, although there are limitations on that: during the cold war, it was always possible to block signals coming in from the outside. I was rather interested in the concept of an EU radio-wave mountain somewhere, because transmissions are not getting across on the uniform plane in Belarus. However, it is certainly worth examining how we can support media being delivered from outside.

The most important thing is to support free institutions inside Belarus, where that is possible. I am aware that it is difficult, but we ought to try to do it. How do we support civil society, NGOs and free media?

We must also address the role of Russia. One of the big debates we must have with Moscow in the months to come is about how it sees itself in relation to that part of the world, and how it sees its relations with the EU and the rest of Europe. Frankly, the days of the Russian client states ought to be disappearing, as in the long run the alternative will not be in Russia's own interests. Not long ago, we saw how the client state that it felt it had in Ukraine disappeared and turned into something much more unpredictable, and much more difficult from Moscow's perspective. Moscow now needs to wrestle with the question of how it works with Belarus to get that soft political and social landing, and to do so in a way that allows Russia to maintain good relations with that important neighbour. If we engage with the Russians, it is possible—I do not say likely—that we could come up with a common agenda, allowing us to say that we share an interest in helping Belarus to move forward in a direction that is acceptable both to Moscow and the EU. I urge the Minister to look seriously at how we can do that.

In the end, the assessment must be made that Belarus is left in a much more fragile position than the election result would suggest. It is fragile because the economic and political winds will continue to blow, irrespective of whatever is done by the EU or in Moscow, and of whatever is done in the presidential palace in Minsk. Everyone has an interest in trying to move Belarus forward. If we can do that together and in a way that is consistent with the needs and interests of the people of Belarus, we will have achieved a significant victory not only for the Belarusians but for the wider Europe.

If we fail to do that, I do not predict doom and gloom—it would be ridiculous to do so—but Belarus could cause us headaches in the future, so it is worth putting in the effort to try to ensure that we get real progress. That is worth effort in London and Brussels, and it is worth effort with us all, with Moscow, in Minsk.

10.6 am

Mr. Jeremy Browne (Taunton) (LD): I pay tribute to the hon. Member for South-West Devon (Mr. Streeter) for securing this debate on what I think everyone accepts is a pressing matter for Europe. At the conclusion of his speech, he asked rhetorically whether the subject of Belarus and the situation there ought to be of concern to this House. The answer to that question is emphatically yes. There are people throughout the world who live in circumstances that we would not wish upon ourselves, and who look to the British Parliament to be a beacon of liberty and to articulate concerns and fears that they are not always able to articulate themselves. Although this debate does not have as high a profile as those attending it would wish, we are making an important contribution by making it clear that we in the United Kingdom are concerned about the state of affairs in Belarus.

In passing, I might add that it is also worth pausing to reflect on how important it is that we maintain our own standards of democracy, not least with regard to some of the new voting procedures that have been introduced, so that we can continue to uphold the highest standards, and to ensure that when we talk about other countries we are not seen to be in any way vulnerable to counter-charges from people in those countries.

To take into account a broad sweep of history, some people might think that the most memorable single day or event of the past 50 years or so was the terrible things that happened in the United States of America on 11 September 2001. We will certainly continue to witness the ongoing struggle to counter al-Qaeda and its threat to the way of life of people in the west and throughout the world. However, although there was not such a dramatic single image to illustrate it, perhaps the most significant event in international affairs during that period was the collapse of the Soviet Union. As a result, hundreds of millions of people who had not previously enjoyed the liberties, freedoms and values that we in this country often take for granted suddenly had exposure to them in their everyday lives. Those people might not have been able to read newspapers that were produced independently of the state, to gather or form

[Mr. Jeremy Browne]

organisations in the way they wished, to speak freely, or to stand in free, fair and open elections. Suddenly, such opportunities presented themselves to those people in a way that they had never done before. That was tremendously significant for the development of the world and of the values that we in this country and this Parliament hold dear. More importantly, that was tremendously significant for the people who live in those countries.

This debate is of particular interest because for many people there is a sense of unfinished business about Belarus; there is a sense that it is a throwback or hangover from an era that in many other ways has receded and passed. I am not making a party political point; but all those in this House who are keen to champion the liberal cause—I think that is pretty much all Members of this House, and of the House of Lords, for that matter—see before us an opportunity to make sure that we continue to roll out such values in Belarus.

I, for one, was heartened by the developments in Ukraine a year ago. I say that not only because I am always an enthusiast for an orange revolution—I think that many other countries would benefit from one—but because it is a country with a population of similar size to ours that was suddenly exposed to not only freedom of speech and media, but a more liberal economic situation.

I add a cautionary note: we in this House should be careful not to oversimplify the subject. I say that because when one reads media coverage about Ukraine, it appears to be a good-news story, from a British or EU perspective. We read about all those people, many of whom were brought up under a relatively repressive regime, now being exposed to the great opportunities and freedoms previously denied to them, yet when one reads those articles more deeply, or speaks to those who are knowledgeable about the country, one finds that under the surface there remains a degree of discontent.

Many people—how do I put this bluntly?—are concerned about their day-to-day living, their circumstances, and their economic well-being. That follows on from a point made by both previous speakers: the irony is that in Belarus, in other circumstances, the election result may have been less emphatic, but there would probably have been the same overall outcome. That is because for many people, particularly those in fairly dire—certainly by European standards—economic circumstances, their day-to-day concerns about pension payments and employment are perhaps of greater importance to them than some of the concepts that we have discussed, such as freedom of speech and of media. That does not mean that those concepts are not important—they are extremely important, and that is why this debate is so welcome—but we have to try to understand the motives for people voting as they do.

Even taking into account allegations of vote-rigging and a heavily skewed media, we should not assume that all people in Belarus—or, for that matter, in other countries that we are similarly concerned about—are voting in a state of ignorance. In many instances, they may be voting for what they perceive to be their self-interest, and—we should say this with a degree of humbleness—they may even be right in their assessment of their self-interest, at least in the short term, although I accept that in decades to come they may be proved to have made a short-sighted decision on their own behalf.

It is right that every country should be free to make decisions about its own economic policies. I, for one, think that the economic policies being pursued by the Government in Belarus are not likely to lead to a prosperous country with happy people, but, for that matter, they may think that the policies being pursued by the British Government are not likely to lead to a prosperous country with happy people. Those are decisions that we need to make in free, fair and open elections. I am cautious about lecturing the people of Belarus about which economic policies are wise for them, because that is a decision that they have to take. However, they may care to look at which countries have been most successful economically and at the policies that those countries have pursued, and they may then come to a conclusion that the policies offered by the Government in Belarus are unlikely to achieve their objective. None the less, that is their decision. Civil liberties issues are quite different; those are universal values, and we should look to promote them, even aggressively, throughout the world.

I finish with a series of questions or challenges to the Minister, and I hope that he will address them. On my first question, a day or two ago I read in the newspapers an unfavourable report about the Minister that I thought was unfair. He had been asked during a radio interview—I think on Radio 4—to describe what benefits the European Union brought the people of Britain. The report appeared to imply that the Minister had not been able to think of a sufficiently robust and impressive case for British membership of the European Union. I think that the Minister cited cheap flights as a good example of how British people directly benefited from our membership of the EU. I do not disagree with that answer, but if we are looking to make a wider point that appeals a bit more to British people's altruism, or at least not to their direct economic self-interest, Belarus is a perfect case study of how we benefit from a joined-up, collective EU approach.

There is no particular reason or need for individual countries in the European Union to take different approaches to Belarus; we share the same values and we all share our criticism of the recent election in broad terms. We speak more effectively, and in a way that is more likely to gain results, when we are a collective voice championing freedom of speech, free economics, freedom of assembly, freedom of media and all the other freedoms that are the common goals and values of the European Union.

Secondly, I would be interested to know the Minister's view on how Russia can help with the situation in Belarus; is Russia part of the problem, or part of the solution? How can we in the EU, and how can the British Government, engage Russia in seeking that solution, or at least progress in Belarus? Thirdly, in what way can the United States play a part? The United States Administration has used particularly strong language in describing Belarus. If one reads background briefings about the country, the most strongly articulated case against the president and the conduct of the recent election is in the official briefing notes from the State Department in Washington. Is there an

opportunity for the US to offer a more practical role, rather than simply articulating its concern in particularly strident terms?

Fourthly, what can the UK Government and the EU do to bring internal liberalisation to Belarus? Earlier, we touched on whether that could involve greater access to information. Broadcasting was the example given by previous speakers, but perhaps the internet would also be a suitable way of bringing more information about the outside world to the attention of people of Belarus. Also, contacts, exchange schemes with students, and greater opportunities for people to travel would allow the residents of a country that is, in a way, sealed off from outside opinion to gain greater access to how the rest of the world sees its own Government, regime and way of life.

Finally, what assessment have the Government made about the external security concerns that arise from the current Administration in Belarus, particularly in terms of nuclear material? Although our primary concern in this debate is the well-being of the 10 million or so Belarusians, having a rogue state within Europe is also a legitimate concern of ours. What implications would that have in terms of organised crime, nuclear material, or any other threats that may project themselves beyond that country's borders?

I conclude by once again welcoming this debate, which the hon. Member for South-West Devon secured. The subject is tremendously important for liberals across the parties, across the countries of the European Union and across the world. I hope that the very fact that we are holding this debate sends a powerful message about the attitude of the British Parliament. I hope also that the British Government, in their ongoing activities—both in the EU and on their own—will continue to send that strong message in the months and years ahead.

Mr. Mike Hancock (in the Chair): Thank you for that thought-provoking speech, Mr. Browne.

10.19 am

Mr. Keith Simpson (Mid-Norfolk) (Con): I congratulate my hon. Friend the Member for South-West Devon (Mr. Streeter) on securing this important debate. I remind the Chamber that the debate is about the progress of democracy in Belarus; we are not just discussing a sort of endgame in itself. My hon. Friend has a long track record of promoting democracy, not only for Belarus but for other countries. He is effectively the Conservative party's chairman for the Westminster Foundation for Democracy, which involves all the main political parties and does a tremendous amount of valuable work.

In one sense, my hon. Friend lost his political virginity by demonstrating outside the Belarusian embassy; no doubt he now has a police record. He may decide to ascertain its details under the Freedom of Information Act 2000. All who have spoken so far have warmly congratulated him on raising this subject.

I am tempted to take a historian's walk down memory lane, although I shall try to restrict myself. It strikes those of us of a certain age that 30 years ago, when I taught military history and defence studies to many generations of British officers, none of us envisaged that the cold war would end as it did. We used to game that out, and the gaming was always pretty bleak: either the cold war would end in Europe with a massive nuclear exchange after political instability and a clash between NATO and the Warsaw pact countries, or there would be a collapse in eastern Europe, but one that involved violence on a vast scale. That is a lesson for many pundits as they consider current crises.

We have discussed central and eastern Europe, and also the middle east, on other occasions. When doing so, we ought to bear in mind how difficult it is for countries in such regions to move from what they had to what we think they should have today—a pluralistic society, democracy and tolerance.

A number of hon. Members have touched on the history of Belarus; it is pretty awful by anybody's standards. People there have been trampled on by surrounding great powers, whether Austria-Hungary, Germany, the old imperial Russia or the Soviet Union. Belarusian relations with the Poles have been pretty insensitive at times, to say the least. Belarus lost one third of its population in the second world war, and before and after that war it suffered a series of massive purges.

If anything, I am struck not by the fact that the countries of central and eastern Europe have had major problems in adapting to the changes, but by the fact that they have adapted surprisingly well. Whatever the main problems still faced in Belarus, it is something to say that only 15 years after the end of the cold war, there is only one European country left in which there is a serious and major problem, although I do not say that there are no problems in other countries.

My final point about the history is that Chernobyl is very close to Belarus. We are commemorating the 20th anniversary of the Chernobyl disaster; on television this morning there were depictions of the problems still faced by families hundreds of square miles around the site and of what has been happening to a new generation of children. Belarus has been dumped on from a great height by history and natural events.

I agree with those who have said that the great irony is that President Lukashenko would probably have won the election if he had carried on, as far as he could, in a normal democratic way—perhaps with a bit of the arm twisting and ballot rigging that happens in many democracies, including ours and that of the United States. The supreme irony is that he probably would still have won the election.

As far as I can see, the problem for democracy in Belarus is the apathy and indifference of the majority of the population, who have been brought up among the horrors of their history and have an ability just to survive. As my hon. Friend and the hon. Member for Manchester, Central (Tony Lloyd) pointed out, Lukashenko has delivered a degree of economic stability, even if that is propped up by Russia.

The purpose of this debate is to ask the Minister questions about how the British Government can further progress on democracy. In the immediate aftermath of the elections, the Minister said that the Foreign Office was actively discussing with partners specific measures to take in response. Will he elaborate on what further measures the Government might take to bring pressure to bear on the Belarus Government? I accept that that will not be easy.

[Mr. Keith Simpson]

My party welcomes the conclusions reached at the meeting of EU Foreign Ministers in Luxembourg on 11 April this year and the European Council's decision to take restrictive measures against President Lukashenko and the Belarusian leadership. However, although it is an important first step, what real impact does the Minister believe a travel ban will have on the Belarusian regime? There is no easy option, but we have seen the limited impact of the travel ban on the regime in Zimbabwe, which in many respects carries out even more horrendous acts against its own people.

I draw the Minister's attention to human rights. Have the Government made it clear to Minsk that it will receive international respect only when it ceases violating the human rights of its citizens and recognises that the detention of individuals for politically motivated reasons is utterly incompatible with democracy? Does the Minister have available, through our Government or EU Governments, a list of individuals arrested purely for exercising what we would understand to be their democratic rights? If he has, what are we doing actively to publicise the fact that such men and women are being held under what we would regard as illegal measures?

What progress, if any, have the Belarus Government made on their obligation to co-operate fully with the Commission on Human Rights and in particular with the special rapporteur on the situation of human rights in Belarus? As the special rapporteur's already extended mandate is due to expire, what are the prospects for an independent, credible and full investigation into the cases of forced disappearances and/or summary executions?

I turn to the issue of support for democracy, a strong element in the debate so far, and pushed by my hon. Friend the Member for South-West Devon. I agree that it is important to keep the issue on our parliamentary agenda; we should not just have a debate and then forget the issue until the next elections in however many years' time. Secondly, that should be done EU-wide. The Government's White Paper on UK priorities for their 2005 presidency of the EU did not mention Belarus; in retrospect, some of us might find that somewhat surprising. I am sure that the omission did not reflect any lack of interest in the issue on the part of the Government, but future major official Foreign Office publications, particularly those that deal with European matters, should highlight Belarus next time.

However, the UK presidency issued numerous statements on behalf of Belarus. What progress has been made since then to increase contact with the Belarusian people and strengthen our support for civil society? I link the question to what my hon. Friend said. What support can we give Belarusian groups that represent democratic parties—those that visit and those domiciled in the United Kingdom? What resources can we allocate to provide opportunities to inform the population of Belarus? As the hon. Member for Manchester, Central said, it is sometimes difficult to quantify what impact that might have. Even though a large majority of the people in Belarus do not have the opportunities that we have through the internet or even through television, the fact that things are being beamed to them will get the attention of quite a significant minority of the Belarusian electorate.

In the light of the deteriorating situation in Belarus, do the Government still consider that their decision to close the British Council in Minsk in November 2002 was appropriate? Following the elections, what concrete actions will now be taken to bolster the freedoms of assembly, association and expression in Belarus?

Finally, I shall discuss two of the neighbours of Belarus. Poland has a great interest in what goes on there because of the large ethnic Polish population that is involved. I recognise that persuading the Poles to intervene politically to influence events in Belarus could be regarded as counter-productive. Nevertheless, they have a direct interest. Poland is a fine example of a country that has moved from the horrors of occupation and totalitarian communism to an open democracy. We should use as much influence as we can to persuade the Poles to do what they can in a practical and constructive way to influence events in Belarus.

Russia is obviously the key to persuading the current president of Belarus at least to moderate his policies. We are in a quandary because we currently wish to persuade the Russians to moderate the policies of a large number of countries, not least those of Iran. However, I hope that we will continue, in a drip-drip manner, like water on a stone, to persuade them that, as the hon. Member for Taunton (Mr. Browne) said, the continuation of the current regime in Belarus is not in their long-term interests. It would not be to Russia's disadvantage if there were eventually free and open elections in Belarus.

As Churchill said, democracy is in many respects a bad form of government, but the alternatives are far worse. We sometimes have to live with the election—in pretty broad democratic terms—to office of parties that we do not like and that we regard, to a certain extent, as a threat to regional security at least. Such a situation has occurred in Palestine with the election of Hamas. We have not reached that stage in Belarus, where the progress of democracy will involve a long struggle over the next few years. The raising of this debate by my hon. Friend the Member for South-West Devon is a small way of publicising to the President of Belarus that the United Kingdom does not accept what he is doing. We hope that raising this debate gives comfort and aid to those brave men and women who wish for Belarus to have the open democracy that we are lucky enough to have in the United Kingdom.

10.34 am

The Minister for Europe (Mr. Douglas Alexander): I welcome the opportunity that the hon. Member for South-West Devon (Mr. Streeter) has given the House to discuss Belarus. As other hon. Members have done, I acknowledge and welcome his personal commitment to democracy promotion generally, particularly his important work with the Westminster Foundation for Democracy. We are grateful for the important efforts of all parties in taking forward its work. I also thank him for his generous words about Britain's ambassador in Minsk. The Foreign and Commonwealth Office is also proud of his work, and I will ensure that a copy of the remarks made is relayed to him at the Minsk embassy.

Today's wide-ranging debate does great credit to the House. It is based on the experience of my hon. Friend the Member for Manchester, Central (Tony Lloyd),

who spoke wisely about the need for consistent pressure on the Belarus regime, and on the insights and historical perspective given by the hon. Member for Taunton (Mr. Browne). He had my sympathy until he urged all parties to embrace the liberal cause. Knowing, as I do, the Foreign Secretary's clear views on liberal democracy, I do not relish return to King Charles street this morning and casually mentioning that in the course of an Adjournment debate I had embraced such a cause.

The hon. Member for Taunton asked a specific question about an interview that I undertook while, it appears, he was enjoying the sun during the recess last week. For clarification, I was asked to list five specific benefits for an individual British citizen. In the course of doing so, I mentioned that the operation of the single market had allowed for cheap flights, which the hon. Gentleman has perhaps enjoyed during the past few days.

I went on to say that those were individual benefits to individual citizens, but one must also recognise that the European Union has been hugely successful during the past 50 years in establishing peace, stability and democracy across the European continent. I hope that there would be agreement in all parts of the House that those are hugely important gains, which the EU has played a role in securing. I am thinking in particular about the transformation of central and eastern Europe to liberal democracies in recent years, which the hon. Gentleman mentioned. By any measure, that is an historic achievement that will be judged hugely important and successful.

The hon. Member for Mid-Norfolk (Mr. Simpson) gave us a lower-key historical tour d'horizon than he tempted us with at the outset of his remarks. The Army's loss has clearly been Parliament's gain in terms of the historical perspectives that he brought to bear. He made several important observations about the historical context in which we debate Belarus today. I will endeavour to answer the specific questions that he put to me.

The backdrop to this debate is that Belarus briefly hit the international headlines last month following presidential elections that yet again delivered a win for Lukashenko, with, as we have heard, an implausible 83 per cent. of the vote. The Organisation for Security and Co-operation in Europe election monitors declared the elections flawed and undemocratic. As a result, Belarus has been the subject of considerable debate within the EU, and sanctions are being imposed to apply pressure to Lukashenko's regime.

As hon. Members have said, it is all too easy to forget the daily struggle of the people of Belarus when the story slips from our headlines. It is critical that we maintain our support for the vast majority of the Belarusian people who will continue to fight for democracy, despite the risk involved, when the election monitors have gone. It is crucial that we maintain the pressure on Lukashenko to change his approach and recognise the democratic wishes of his people. I therefore greatly welcome the contribution that this debate has made to increasing the profile of the problems facing Belarus, and I sincerely hope that there will continue to be debates in this House on the subject.

I echo the sentiments of the hon. Member for South-West Devon. We do not support individual candidates or individual parties, because it is for the people of Belarus to choose their future and their future leadership. I, too, have had the opportunity to meet Mr. Milinkevich and to hear directly from him about his desire for a genuinely democratic state and about the struggles that opposition politicians have faced. Speaking, as we do, from the relative comfort and safety of Westminster, as democratic politicians in a longstanding, settled democracy, hearing of such struggles for democratic rights is humbling, as the hon. Gentleman suggested.

Belarus is an anachronism. It is a European country lying on the borders of the European Union. It claims to be at the heart of Europe politically and economically, but the policies of its leadership prevent its developing into that role. As my right hon. Friend the Foreign Secretary said in a debate after the European Council,

"it is a disgrace that Belarus remains a dictatorship—the last in Europe—and it cannot continue in that way."—[*Official Report*, 27 March 2006; Vol. 444, c. 559.]

There is indeed no place for dictatorship in modern Europe.

Over recent years, the political and human rights situation in Belarus has worsened as Lukashenko has sought to isolate the regime and its people. In answer to the specific question put to me by the hon. Member for Mid-Norfolk, we have no comprehensive list of the disappeared. The European heads of mission have been trying to ascertain how many people have been arrested over the past few weeks, but have been able to establish only that about 800 people have been arrested. Opposition figures have been arrested, beaten and imprisoned on trumped-up charges, and the European humanities university has been closed. It was the only independent university in Belarus before it was closed because of its promotion of diverse ideas and vigorous debate, and its refusal to promote state ideology. There has been harassment of political parties, a restrictive law on non-governmental organisations, the closure of independent newspapers, new limits on freedom of worship and a new anti-revolution law designed to muzzle any form of dissent.

United Kingdom and European Union policy towards Belarus has been and will continue to be a two-pronged approach. First, we are applying restrictive measures against those who are responsible for the serious deterioration in the human rights situation in Belarus to encourage them to change their ways. Secondly, we will reach out further to the Belarusian people through support for civil society, NGOs and independent media. We will not forget the Belarusian people and their attempt to make their voices heard in a flawed election and in the subsequent demonstrations against a result that they felt was rigged.

In a statement on 20 March, I expressed the Government's deep regret about the way in which the Belarusian authorities had held the elections. I commented again on 24 March in reaction to the violent breaking up of an opposition rally. EU declarations have also detailed our strong concern about the regime's actions in suppressing legitimate democratic expression.

Depressing as the events of last month were, there is some cause for hope. The election showed that there are people in Belarus who are ready to unite in the fight for democratic values. They showed extraordinary bravery in standing up for the right to vote freely, as we heard in the testimony read to us today, and a determination to change Belarus for the better.

[Mr. Douglas Alexander]

Lukashenko blames such activity on external interference, but, in doing so, he misreads and demeans his own people. The people of Belarus expect honesty and accountability from their Government, and they expect to choose who governs them. No Government who ignore that can be sustainable in the long term.

Before I discuss the EU's response to the elections, I shall briefly review the history of its approach to Belarus. EU relations with Belarus stalled in 1997 as a consequence of serious setbacks in the development of democracy and human rights in that country. A particular trigger was the replacement of the democratically elected Parliament with a National Assembly nominated by the President in clear violation of the constitution.

The EU immediately froze talks on concluding the partnership and co-operation agreement with Belarus, and restricted ministerial contacts. At the same time, the EU established clear political benchmarks on democracy and human rights which, if met, would lead to improved relations. However, Lukashenko has made no attempt to improve the situation.

Under the UK's presidency last year, the EU laid down a clear marker that it expected the forthcoming presidential elections to be free and fair, and that it was prepared to take further appropriate restrictive measures if they were not. The EU's concerns mounted throughout the election campaign. During the demonstrations that followed the 19 March election, approximately 800 political activists were detained, some without charge, for up to 15 days. One of the leaders of the Opposition and an ex-presidential candidate, Alexander Kozulin, remains in prison charged with organising group actions to disturb the public peace. He faces up to six years in prison.

As a result, at the 10 April EU General Affairs and External Relations Council, Ministers agreed to impose travel bans on 31 individuals deemed responsible for the fraudulent election, the violations of international human rights law, and the crackdown on civil society and democratic opposition. The travel ban includes Lukashenko. Ministers also stated their readiness to consider further restrictive measures. They condemned the treatment of political detainees, urged the regime to allow freedom of expression and assembly, and reiterated the EU's commitment to Belarusian civil society.

Members have asked about the BBC World Service and the action that is being taken by the EU to support free broadcasting in Belarus. Let me first set out the position on the World Service. It broadcasts in Belarus in the Russian, Ukrainian and English languages via its shortwave transmitters. A key issue facing the World Service in Belarus is the practicality of reaching its audience. Shortwave transmission is not as audible in some regions as FM transmissions, which are broadcast locally and produce a strong signal. Ideally, the World Service would like to work with FM partners to deliver its product in Belarus, but the media market is tightly controlled and regulated. Given the current political situation, there is no possibility of the World Service or any other western broadcaster getting air time on an existing FM frequency or hiring a new frequency within the country. Therefore, the World Service offering remains shortwave only in a market that is largely FM-dominated. We are aware of no jamming issues.

On several occasions in recent years, the World Service has examined the possibility of special programming for Belarus. The problem that I have just set out surrounding delivery of the product into the region remains the key stumbling block. The World Service product is available on-line, but, again, access in Belarus is difficult, as home internet usage is low. On-line facilities are mostly available in work places or in public internet cafes.

Following pressure from EU member states, not least the United Kingdom, the Commission launched a second media project at the start of this calendar year. The project is for two years and will cost approximately €2 million. It comprises TV and radio broadcasts from Poland, Lithuania and Germany into Belarus. It also provides funding for internet print media and training of journalists. The radio broadcasts started in February on various frequencies. However, as I said, the media market is tightly controlled, and the EU project faces challenges that are similar to those faced by the World Service because of the current political situation. I hope that the British Government's strong support of the Commission's efforts gives some comfort to the hon. Member for South-West Devon that we will continue to take an interest in the matter, notwithstanding the hurdles that we face in ensuring that the messages are heard by a wide section of the Belarusian population.

Support for the Belarusian population and for civil society is, of course, fundamental to our approach. While holding the regime to account, we must also reach out to the Belarusian people and help them in their struggle for democracy. The UK actively uses bilateral programme funds to support civil society, particularly in the areas of human rights, independent media, good governance, and youth participation in events that are designed to increase awareness of democratic principles.

We are working with EU partners to consider further steps to increase the EU's contact with the Belarusian people and to strengthen support for civil society, including technical assistance and the opening of an EU office in Minsk. To provide practical support, the EU has transferred €2 million from its TACIS programme to the European initiative for democracy and human rights and decentralised co-operation programmes.

However, we must make it easier to get assistance to NGOs and independent media that work on human rights, good governance, democracy and freedom of expression, and which face constant pressure from the Lukashenko regime. We are investigating with our partners the means of developing more flexible EU funding mechanisms to allow us to increase our direct engagement.

As the hon. Member for Taunton said, it is not only EU partners who remain focused on the current deplorable situation in Belarus. The United States also takes a close interest. President Bush has repeatedly indicated his personal concern for the people of Belarus and has pledged

"to seek justice for the disappeared, as well as for all those who seek to return freedom to Belarus."

US policy closely follows that of the EU: the US demands the same improvements in Belarus before building closer relationships, and the US and the EU co-sponsored last year's UN Commission on Human Rights resolution on Belarus. I assure Members that the EU and the US closely co-ordinated their response to the 19 March presidential election.

The new Canadian Prime Minister, Stephen Harper, said in a statement immediately following the presidential elections that he was

"shocked that a dictatorial and abusive regime, such as this one can continue to exist in today's Europe. We will work with other free and democratic societies in developing our response to this situation."

The UK and the EU will continue to work closely with the US, Canada and others to co-ordinate and unite our approach for future support of civil society and the people of Belarus.

I shall write separately to the hon. Member for Taunton on the nuclear issue that he raised, and ensure that a copy of my response is placed in the Library. Belarus has no nuclear power stations, and all nuclear weapons were withdrawn by Russia in the early to mid-1990s when Belarus joined the nuclear non-proliferation treaty. Chernobyl is in Ukraine, but, as we heard earlier, Belarus got much of the fallout as a consequence of that terrible disaster.

In bringing my remarks to a conclusion, I shall focus on a couple of further points, in particular the issue of Russia, which was central to the comments of the hon. Member for Mid-Norfolk.

I applaud the commitment of the hon. Member for South-West Devon, who continues to put Belarus on the public agenda. In turn, I assure him that the Government are committed to supporting the Belarusian people in their efforts to build a lasting democracy. We cannot and will not ignore those who seek to suppress their efforts.

As a number of colleagues have said during the debate, there is no magic wand, nor any easy and immediate solution. Therefore, I turn to the issue of engagement with Russia. When I visited Moscow at the beginning of March, I raised the issue of Belarus and, in particular, the issue of pricing parity and greater transparency in energy pricing. My right hon. Friend the Foreign Secretary raised the issue of Belarus with its largest neighbour, Russia, following the elections that took place last month.

The United Kingdom and Europe uses every available opportunity to raise Belarus when appropriate with Russia. The European Union troika met Russian Deputy Foreign Minister Grigory Karasin on 12 April to set out the EU's concerns about the deteriorating human rights situation, and to explain the decisions taken by Ministers at the General Affairs and External Relations Council on 10 April. We continually stress to the Russians the shared objective that we have—including the Organisation for Security and Co-operation in Europe—of encouraging Belarus to meet its international commitments to democracy and human rights. I can assure the House that we will continue to outline to our Russian counterparts our concerns about the deteriorating situation in Belarus.

Tony Lloyd: It is right and proper to urge Russia to share our view about the absence of acceptable legal norms and democratic standards. Although it is difficult for Russia to see this, is not the central point, however, that it is not in Russia's own interest to have a failing state on its own borders? A Belarus that lapses into criminality, corruption and gangsterism is not a healthy neighbour for Russia any more than it is for the European Union.

Mr. Alexander: I wholeheartedly agree with my hon. Friend's intervention. His sentiments are similar to the points that I communicated when in Moscow. All of us are concerned about one of the principal challenges that we face in the 21st century, which is failing states. If states fall into criminality and end up with the status of failed state, they create problems not only for their immediate neighbour, Russia in this case, but for the region generally. That is why today's debate is of such importance to us.

I also made the point when I was in Russia about the reputational damage that I believe was caused in the minds of many western Europeans by the reporting of the Russia-Ukraine gas dispute at the beginning of the year. If Russia were to make it clear that there is a level playing field and a commercial approach to gas supplies, it would contribute significantly to setting right some of the perceptions that took hold at the beginning of the year about the commercial treatment of Ukraine on the one hand and Belarus on the other.

I share with the hon. Member for South-West Devon no ill will whatever towards the people of Belarus. However, when the Russians tell the British Government that they wish to see a more commercial approach to the provision of gas supplies generally, it should necessarily and appropriately include Belarus in the same way in which it includes Ukraine and other countries. There will be a strong focus on those issues, not least with the spotlight falling on Russia ahead of the G8 summit taking place at St. Petersburg in July.

There is a real opportunity in the months between now and July to continue to impress on the Russian authorities not only the importance of their conduct in relation to democratic standards within their own borders but the importance of the messages that they send out through their comments about Belarus and other neighbours.

We shall continue to impress those points on the Russians. We shall try to persuade them that it is in all our interests to have a democratic, prosperous and stable Belarus. The future of democracy within Belarus rests on a credible political alternative to Lukashenko's dictatorship. We will continue to support that ambition.

Mr. Mike Hancock (in the Chair): I was hoping the Minister could have spun the debate for another couple of minutes, because we now have to suspend the sitting. I should like to thank all Members for their contributions. It has been a thoughtful and interesting debate. Congratulations to the hon. Gentleman who secured it, the hon. Member for South-West Devon (Mr. Streeter), and to the Minister on the way in which he replied.

10.54 am

Sitting suspended.

Northern Ireland (Fishing Industry)

11 am

Mrs. Iris Robinson (Strangford) (DUP): I thank the Minister for the opportunity to raise matters of great urgency, upon which the future success of entire communities along Northern Ireland's eastern seaboard rests.

Six years on from the introduction of the cod recovery scheme and the closure of the Irish sea cod fishery, fisheries scientists are unable to tell us in Northern Ireland whether it has had any effect whatever on cod stocks in the Irish sea. Six years on, the Northern Ireland fishing fleet is a shadow of its former self and hundreds of jobs have been lost. Six years on, factories and businesses have disappeared and the industry is approaching a point of critical mass beyond which it might not recover. Six years on, the Government cannot indicate whether the measures that have contributed greatly to the demise of our fishing industry have had any impact. Those left in the industry are exasperated as the Department of Agriculture and Rural Development and its scientists continue to do little other than talk, while the industry crumbles outside.

In 1993 213 commercial fishing vessels were registered in the Northern Ireland fishing fleet, but by this year that figure had fallen to a staggering 130. Whereas there were 44 white fish boats in the Northern Ireland fleet five years ago, there are now only 12. In Portavogie, where there were once more than 100 boats in the fleet, there are now just 40. Between 1999 and 2003, the average profit before depreciation of a Northern Ireland-based white fish trawler fell by 76 per cent. to just £10,400. The average profit of a nephrop trawler fell by 48 per cent. to £15,600.

Since 2003, fishermen have had to deal with other factors, such as the huge rises in the cost of fuel oil and the cost of leasing quota, and income will have fallen further still. I spoke to one skipper during the week who told me that whereas fuel for his vessel had once cost 15p a litre it now costs 40p a litre, and that the fuel costs for operating his boat were now up to £1,914 a week.

Of course we must accept that to a certain extent the price of fuel is beyond the control of the Government. We do not ask for any preferential treatment. We merely ask that the issue is acknowledged and taken on board by the Government in order to understand the lengths to which the industry is being stretched. The cod recovery scheme was implemented six years ago on the basis that it would last for three years. The measures have been repeated each year since and were extended when the Scottish Executive imposed a closure in the north channel that was targeted at Northern Ireland trawlers.

The EU Commission has stated that additional recovery measures are needed only where there is a biological urgency, but where is the biological urgency in the Irish sea, where the science shows that stocks are nowhere near as bad as assumed? Without a grain of evidence to justify the closure of the cod fishery, DARD scientists now tell us that without any substantial evidence they hold out little hope of the scheme—itself based on erroneous evidence and interpretation—ever being lifted.

So what have DARD scientists been doing for the past six years, as countless skippers have been forced to decommission their boats, hundreds of fishermen have lost their jobs, factories have closed and countless jobs have been lost in the fish processing sector? Despite the enthusiasm of Northern Ireland Office Ministers, it has become increasingly clear during this period that the approach of fisheries scientists and the spin used in interpreting results has been a significant obstacle.

Progress has been made in improving relationships and attempting to work co-operatively to address the problems faced. Despite that, fisheries scientists have acted in a counterproductive manner. Fishermen are urged to work with DARD to provide the data required for officials to argue their case in Europe. However, whenever that information is collected, fisheries scientists always seem to identify something negative and run with it, at all times ignoring the positive aspects of the data.

Despite the poor reputation that DARD scientists have earned for themselves, local fishermen and producers' organisations remain committed to working with DARD. At a meeting with Lord Rooker last Tuesday, DARD scientist Peter Jan Schon came under enormous pressure from representatives of the catching, selling and processing sectors of Northern Ireland's fishing industry. He claimed that there was no co-operation from the fishing fleets in Kilkeel and Ardglass, except for Portavogie. That is absolute nonsense and was totally refuted by all present.

Mr. Jan Schon was unable to substantiate his claim. He said that there was no data on the cod stocks in the Irish sea because fishermen were not co-operating. However, thanks to his work, fishermen are barred from fishing the area as a result of the annual cod fishery closure. When asked what he had been doing for the past six years, Mr. Jan Schon had no response.

An associated issue is the barring of prawn boats from fishing in the area closed as part of the cod fishery closure. Mr. Jan Schon stated at the meeting, as DARD has before, that the prawn boats are barred because cod represents a substantial by-catch of prawns. Dick James of the Northern Ireland Fish Producers Organisation then presented the meeting with a copy of a multi-million euro report published in 2002 entitled "Monitoring of Discarding and Retention by Trawl Fisheries in Western Waters and the Irish Sea in Relation to the Stock Assessment and Technical Measures". The findings of that report included the fact that no cod was caught as by-catch of a conventional prawn trawl—and who should be named as a participant and contributor to that report, but Mr. Peter Jan Schon. No wonder he had so little to say for himself at the meeting.

It gets worse, however. At a meeting with DARD officials on Thursday last week, Dick James again raised the matter, this time directing it to Mr. Richard Briggs, the Department's senior scientist. Mr. Briggs stated that it was his opinion that the nephrops fishery in the Irish sea was completely sustainable. One scientist has held up progress on the basis that prawn fishing is not sustainable, while another says that the whole thing is news to him. The right hand does not seem to know what the left hand is doing. It is that fundamental level of inconsistency on the part of DARD scientists that has led to the strain in relationships between those who work in the industry and DARD.

Another associated issue is the shape and location of the box, which fishermen are adamant are incorrect. Currently there is derogation in the centre of the box, where prawn fishing is permitted. However, there is an important fishery to the north-east of the box where fishing is prohibited. When the box was created, the Department used a geological survey, but it quickly became clear that it was not accurate. As a result, one of the most important prawn fishing grounds was included in the closure. When the tides run high—specifically in the spring, during the period of the closure—the area supports a significant nephrops fishery. Boats need to be able to get into the area at least every other week to maximise their catch and ensure their continuing viability. The problem has been raised with DARD officials on more than 12 occasions, yet once again they have failed to act in any way to resolve the anomaly. It must now be addressed as a matter of urgency.

At the same time, however, it is clear that DARD as a whole has failed to represent the interests of the Northern Ireland fishing industry effectively. Last year the Food and Drink Federation announced that it was setting out to assess the amount of UK-sourced prawns consumed in the UK. Its findings indicated that the Irish sea could provide a sustainable fishery with a 30 per cent. increase in the nephrops total allowable catch. The Scottish and English Departments ran with those figures and used them to argue for increases in their nephrops quotas, obtaining increases of 31 and 39 per cent. for the west of Scotland and the North sea respectively.

DARD officials denied ever receiving the findings, which were forwarded to them by local fishing organisations. At the same time, they attempted to argue that because they are the poor relations within the UK, they do not stand a chance of getting a fair hearing. Those in the Northern Ireland fishing industry are sick, sore and tired of the Department's abdication of responsibility when representing their best interests in Europe.

There is serious concern about the lack of urgency shown by DARD scientists in completing those scientific studies that have been commenced. During August, September and October last year, five boats from Kilkeel kindly gave their permission to be used as part of a DARD study, but eight months later the Department still does not have a date for publishing the findings. Scientists complain about the lack of data, but their performance in turning around the data that they do have is abysmal. They claim that such data are like gold dust, so their performance hardly illustrates a real commitment to helping address the problems experienced by our fishermen.

As for the tie-up scheme, suffice it to say that DARD owes the industry an apology for being so wide of the mark in its interpretation of the legislation, after having been embarrassed in Europe by Jim Allister MEP. Despite that embarrassment, Lord Rooker has this year refused to grant that lifeline to many of Northern Ireland's fishermen.

We are informed that the decision to refuse aid was based on the fact that the scheme does not provide value for money. If that was the case, why was the scheme operated during 2004 and 2005? If it was value for money in those two years, what has changed in 2006? What has changed is that the cod quota has been decreased by 15 per cent., the haddock and whiting quotas have been slashed, and days at sea have decreased. In fact, given the new and increasing pressures placed on the industry since 2004, it could be argued that it would be better value this year than it was in the previous two years.

Lord Rooker also states that there is insufficient funding to support a tie-up scheme and that money is already committed to projects in and around our harbours. That is well and good, and I commend the work of the fishing villages initiative in its work to attract millions of pounds of investment into fishing communities, but we must face the facts. What is the point in supporting fishing communities and investing in harbours when the time will soon come when there will cease to be a fleet to support?

We must now look to the future and to a plan submitted to DEFRA that has the Department's support. With the assistance of the Irish Sea regional advisory council, it is proposed that from January 2007 the fleet should start with a clean sheet, subject to certain criteria. The fleet would be allowed to catch what it wanted, but it would have to report exactly what was landed. Scientists would then assess that data and apply models to get an accurate picture of the health of Irish Sea fish stocks. From those results, they would be able to establish whether quotas were lower than the fishery could sustain, in which case they could be increased, or whether quotas were too high, in which case they could be reduced. Ultimately, we would arrive at the best possible package for both the industry and the conservation of the fish stocks in the Irish sea. The plan has the support of DEFRA and the EU Commissioner, and it has the potential to allow positive progress for the local fishing industry.

One problem remains, however. It will have taken DARD scientists eight months to report back on five boats being studied over a three-month period. How will the Department fare if it is studying more than 100 boats, 365 days a year? The danger is that DARD will apply the same tired old science to the new data, and the fleet might once again have to pay for the scientists' desire to highlight and emphasise the negative and ignore the positive. There is potential for recovery, but we have a mountain to climb before we can claim it.

In summary, this is the seventh year of the closure of the cod fishery in the Irish sea, but scientists still cannot tell us what effect, if any, it is having on the cod stocks. We were told that the closure would be for three years, yet seven years on we are still being told that DARD cannot go to the EU and argue for its removal, as it has no science to back it up.

The fishing industry in Northern Ireland should always have been a team effort between DARD and those in the industry. Given the precarious state of the industry, I cannot emphasise sufficiently how crucial it is that fishermen, sellers, processors and the fisheries division of DARD work hand in hand, striving to create a sustainable and viable fishing industry.

We need more effective science, more effective processing of information and more effective interpretation of results. To continue on the current course will lead only to the destruction of the local fishing fleet, which will have a colossal impact on the lives of those villages and communities that have for so long been bound together by the industry.

[Mrs. Iris Robinson]

The bottom line is that we should not be arguing about the creation of a tie-up scheme, which is open only to a fraction of vessels, and we should not be scrambling around attempting to secure transitional aid. Instead we should have a Minister for fisheries, committed to fighting the corner for the local industry, changing EU "wisdom" and striving to create a strategy that would facilitate the recovery of the local industry, not its destruction.

11.15 am

The Parliamentary Under-Secretary of State for Northern Ireland (Angela E. Smith): I congratulate the hon. Member for Strangford (Mrs. Robinson) on securing this debate. I know that she is passionate about the fishing industry, and about the problems of her constituents. She is always well informed, and is forthright in putting across her views. It is clear that she cares deeply about the future of the fishing industry in Northern Ireland.

I assure the hon. Lady that my ministerial colleagues and I share her concerns. We may not always have total agreement, but we all want to see a long-term sustainable future for the fishing industry, which means restructuring and changing it. No one wants to see short-term measures taken that do not deal with the underlying and ongoing problems.

The hon. Lady highlighted a range of complex issues and the need for change. She spoke about restricted fishing opportunities and increased operating costs, particularly for fuel—an increase that we are seeing across manufacturing industry as well. The fishing industry needs to face up to and meet changing attitudes to the marine environment. That is a significant challenge, but the Government want to help, because we want to see a long-term sustainable future for the fishing industry in Northern Ireland.

I shall do my best to address the various points raised by the hon. Lady. She spoke about the tie-up scheme of financial aid for the fishing industry, and claimed that the Department of Agriculture and Rural Development owes fishermen an apology. That claim is not justified. As she said, the industry has faced grave economic difficulties. She said that financial support was the way forward. However, that would address the short-term problems, not the longer-term underlying factors.

I appreciate the disappointment of the industry that the tie-up scheme was not run for another year. It was not an easy decision, although full account was taken of all the issues involved, including affordability—the hon. Lady mentioned value for money—sustainability and priorities within the fishing industry. Lord Rooker, who is listening to the debate, was very mindful of all those issues. He said that it was not an easy decision, but that it was taken in the best interests of the fishing industry.

The hon. Lady also made a point about having a Minister who fully represents the Northern Ireland fishing industry. I place on record the strong commitment of the Government and the ministerial team, including my noble Friend Lord Rooker, to doing their best to ensure support and sustainability for the fishing industry. We would all have preferred to have a single Minister dealing with the issue. Once the Assembly is up and running and a devolved Minister is in place, we will not have Ministers trying to run several Departments, although we do the best that we can under the additional time pressures that it creates.

It is worth noting that, for the second successive year, the Irish sea prawn total allowable catches were increased. In addition, the Northern Ireland industry was able to avail itself of the significant additional prawn quotas secured for the North sea and the west of Scotland. It is also worth remembering that the Irish sea still has a more generous allocation of days at sea than other areas of the cod recovery zone. Those achievements are worth placing on the record.

The hon. Lady also raised concerns about scientific information. Scientists need to obtain as much information as possible from various sources, for which they need the co-operation of fishermen. I challenge what the hon. Lady said about scientists concentrating on the negative. Scientists give a view of the scientific facts of the case. There is no interest for anyone involved in not presenting the facts as they stand. It is vital, when considering the long-term future of the industry, that we have accurate and precise information, for which we need scientists and the industry to work together. The fear is that if we fail to achieve that, the Commission is likely to adopt a harsher view and take a highly precautionary approach to its decisions, which would give us all cause for concern.

The only way for the industry to have a sustainable, long-term future—I am sure that the hon. Lady and her constituents seek that, just as we in Government do—is with accurate, reliable information so that appropriate action can be taken. There is no interest in anyone having anything other than that. Scientists and fishermen should recognise that they have the same objectives. They will not always have the same views or make the same assessments, but if they do not work together to get a true picture and understand the priorities, we will not be able to take the right approaches or make the case that we want to make.

The hon. Lady made her case about the cod recovery scheme. A considerable amount of work has been undertaken on that, and much more will be undertaken in the next 18 months, but marine science depends on data collected over a long period. It is not possible to take a snapshot of information that will be meaningful to the Commission or anyone else. We are optimistic that next year's exercise will be a significant step forward, but I cannot promise the hon. Lady any quick fixes. However, she must not think that a considerable amount of work has not been undertaken by scientists and the Department. That work is ongoing, because we need reliable, long-term data to make the case adequately.

The hon. Lady also raised the issue of the purchasing quota. I understand her concerns about the price of the quota increasing, but that is its market value. This is another reason why we need important, accurate information, because if we do not have that, we might not do quite so well with the quota. We have done particularly well with the European Commission to be able to get that information. Unless we continue with that, we cannot give any guarantees for the future.

The Department for Environment, Food and Rural Affairs and DARD are jointly funding a programme with the Centre for Environment, Fisheries and

Aquaculture Science for fishery independent monitoring of cod recovery by means of egg production surveys. The hon. Lady nods; she must be aware of that. She made proposals in that regard, which we will certainly give full consideration. I welcome her positive steps forward on this issue, which we are keen to pursue. DEFRA and the European Commission are already holding meetings to discuss that, and we want to pursue it urgently. Scientific analysis will not handicap the effectiveness of the exercise in the years ahead.

I was a little disappointed by the hon. Lady's comments about an individual scientist. It is important to recognise the professionalism of the staff who deal with these issues. I hope that she will accept that nobody has any interest in not getting accurate information with which to do their best for the fishing industry. The scientists employed by the Department are working on this issue because they want to ensure that we get the best deal for Northern Ireland fishermen. I hope that she will understand that point.

I hope that I have addressed all the hon. Lady's points. I have already stated that the prawn total allowable catch for 2007 is a top priority for Northern Ireland. Enthusiastic work is being done to ensure that the TAC is increased in the following year. There is a deep commitment in the Department to ensure a long-term, sustainable future for the industry, but there is no quick-fix solution. The industry is under enormous pressure, and the Government would do it a disservice if we failed to establish what the long-term issues are and how they can best be addressed. We should not simply offer quick fixes that would undermine the industry in the long term.

11.25 am

Sitting suspended until half-past Two o'clock.

Democratic Republic of Congo

2.30 pm

Mr. Eric Joyce (Falkirk) (Lab): My aim today is to introduce a debate arising from a visit by the all-party group on the great lakes region and genocide prevention to the Democratic Republic of Congo. Other hon. Members will want to catch your eye, Mr. Hancock, and develop their own themes, so I shall explain the general context of the visit and mention a couple of points that particularly struck me. I hope that the Minister will reply to those points.

I shall start with a specific matter that struck everyone on the visit. Panzi hospital, at Bukavu on the shores of Lake Kivu where eastern DRC meets Rwanda, is a remarkable place. A small number of doctors and nurses provide health care for women who have been victims of sexual violence and injured, often gravely, at the hands of the illegal militias that roam the forests of eastern DRC. To walk around Panzi hospital and talk to the patients, their carers and sometimes their children is a sobering and serious experience, but it was essential that those of us on the visit did so to set our perspectives clearly.

The group travelled across the DRC, which is a vast country, and met politicians such as Dr. Bahamba Hamba, the governor of South Kivu, which includes Bukavu. We also met a chief of the Batwa pygmies and, at the other end of the visit, we met Vice-President Ruberwa and President Kabila, who were extremely generous with their time. We also met representatives of civil society and international figures such as Bill Swing and Ross Mountain who run MONUC—the United Nations organisation mission in the Democratic Republic of the Congo, which is the world's largest such mission—as well as met former child soldiers, international non-governmental organisations and local NGOs that are supported by international NGOs.

The hon. Member for South-West Surrey (Mr. Hunt) and my hon. Friend the Member for Wakefield (Mary Creagh) will present their own views, but I think that the group collectively formed the view that Panzi hospital represents a good prism through which to see many of the problems that beset the DRC. The United Kingdom Government could help to tackle those problems both bilaterally and internationally in conjunction with allies in other countries.

In 1994, the civil war in Rwanda, accompanied by the genocide perpetrated on the Tutsi minority, led to bandits and killers—they were given a number of names, including exFAR and Interahamwe—being displaced into eastern DRC. Initially they were assisted by the UN and semi-settled on the border. Hindsight shows that to have been a mistake, because it led to them running riot in the camps that were set up by the UN. In time, as the UN realised its error and as Rwanda began what has become a remarkable recovery, those bandits and semi-organised militias were displaced into the forests. There, in large part, they remain, augmented occasionally by new recruits, often children and teenagers who are taken forcibly from local communities to provide slave labour and fighters. During the Rwandan genocide, women and children were targeted to remove the next generation of Tutsis; that ruthlessness is now deployed to terrorise communities and enable the militias to

[Mr. Eric Joyce]

subsist in the forest in preference to ending armed struggle and returning either to Rwandan justice or to an attempt to live decent and productive lives in Rwanda or the DRC.

Sexual violence is not confined to eastern DRC, but there it remains a potent tool of subjugation. Women are routinely raped, tortured and murdered as a crude means of dominating communities and eking out a feral existence in the forest. The fear inspired by the militias frequently leads to families to reject abused women. Such women can be seen as a burden due to their injuries, which are often extreme, and sometimes they are a source of shame for their partners, who often rapidly become former partners.

Most of those women have no access to health care and live painful lives, with many dying a painful death. A small minority make the long and hazardous journey to Panzi hospital where they are welcomed and provided with the best health care—modest, but the best—that the region can muster. Some of those women were deliberately injured during and after rape to make childbirth impossible, which leads to a massive requirement for gynaecological assistance and health care. Others have been subjected to such inhuman violence that it is breathtaking that they are still alive and receiving treatment in a place such as Panzi hospital. Dr. Mukaweye, the head of the hospital, told the group about the practice of most militias of following a rape by discharging a round of ammunition into the victim by the same entry point: those who do not die instantly suffer massive internal injuries. Unbelievably, some of the victims have been saved and have, after many months and sometimes years, been rehabilitated back into their home communities. I had never met anyone like Dr. Mukaweye but I know that there are others in the DRC and all over Africa doing similar work. His and his colleagues' work is inspiring, but the need is so great in eastern DRC that they must constantly fight for funding.

A recent EU initiative funded by emergency provisions to provide financial assistance to Panzi hospital is soon to end. I am happy that the Department for International Development is stepping in to help the hospital to extend its capacity by constructing a new surgical wing. However, I wonder whether it is entirely appropriate for the emergency to be interpreted in that way by the EU, given the post-war environment in the DRC and the emergence of a large number of women now reporting with injuries following sexual violence, which, ironically, is consequent on the post-war context rather than on the civil war, which has now ended.

Sexual violence is the sharp end of a series of challenges relating both to security and to wider political development. The hon. Member for South-West Surrey will speak about the security question and what the UK can do to help to expand the capacity of DRC forces in the post-election context. Clearly, it is difficult for the international community judge whether to help to expand the capacity of the armed forces of an unstable state that is not democratic or properly organised and whose Government's remit does not extend across the whole country, perhaps not even outside the most heavily populated places. It is a difficult judgment to make to assist such a country to build up its armed forces when they might be used for the wrong purpose.

The coming election may provide an opportunity and a cause for optimism. If everything goes well it may become appropriate for the international community—perhaps the British Government in conjunction with our allies—to consider ways in which security forces in the DRC be helped to develop their capacity. Without that capacity, there can be no proper infrastructure development: hospitals and schools cannot operate properly unless people can live safely and use them safely. During our visit, all members of the group were struck by the way in which all the local and international NGOs focused on security, which is not what one would normally expect. One would expect them to focus on services and issues such as justice, human rights and so on, but everyone we spoke to emphasised the importance of security and of building up the capacity of the FARDC—the DRC's own armed forces—after the election.

Mr. David Drew (Stroud) (Lab/Co-op): I apologise for missing the first couple of minutes of my hon. Friend's speech. I know that he is talking about the east of the country, and he may have been about to make the point that I wish to raise. When talking about security issues, will he also discuss the Lord's Resistance Army and the fact that Otti is still in the DRC? I was in northern Uganda with other Members at the time that the International Criminal Court served its warrant for the arrest of Kony, Otti and three others, but MONUC chose—there was some confusion—to give Otti a wide berth. If the UN sanctions mean anything, we have to deal with the LRA. Will my hon. Friend deal with the fact that the DRC is in the midst of all those problems and has to be helped?

Mr. Joyce: I thank my hon. Friend for that very valuable contribution. I was not going to mention the LRA, but I shall now that he has mentioned it. It is crucial to recognise that some of these groups are still operating. There has been some progress in that bordering countries have, officially at least, withdrawn their military forces from the DRC. Rwanda has certainly done so. President Museveni, who has recently been recently elected in Uganda—one can say good things about his time in government, but it is harder to find good things to say about his more recent comments—spoke of the possibility of making an incursion into the DRC to deal with the problem of the Lord's Resistance Army. It would clearly be far better for the international community to deal with that problem than for Uganda or any other country to make incursions.

MONUC is the UN body in the DRC and to give it some credit, it is doing very good work. Although it is a very large force, comprising between 16,500 and 17,000 personnel, that is a limited number when dealing with 10,000 or so members of the Interahamwe and various other militias, which are only semi-organised in any case. In time, the problem will be a matter for the international community, and the DRC forces, when they have the capacity to deal with it themselves. In the meantime, there is very much a patching-up mentality. MONUC does its best to keep areas safe—it is deployed,

it moves those people around and it catches and kills the odd one—but until we have a proper democracy in a post-election context and a big effort is made by the international community after that election, the LRA will remain a problem. The LRA is a major problem for the whole region and it is time that the international community focused on it more. I am sometimes concerned, however, that President Museveni uses the LRA as a way of pursuing other political objectives.

John Bercow (Buckingham) (Con): Does the hon. Gentleman agree, further to the intervention of the hon. Member for Stroud (Mr. Drew), that establishing domestic security, including the build-up of stable armed forces committed to providing it, demands robust international action to end the illicit sale of small arms and light weapons? Given that each year in developing countries in Africa, Asia, the middle east and Latin America about $22 billion is spent on the sale and illicit transfer of such weapons, which kill 400,000 people, is it not vital that we secure the passage of the international arms trade treaty as quickly as possible, then ensure its rigorous implementation?

Mr. Joyce: I wholeheartedly agree with the hon. Gentleman. All over Africa, and particularly in the DRC, there are millions of small arms, and that situation requires robust action by the international community. There are a number of things we can do. As well as the treaty, one of the ideas raised while we were there was the possibility of instituting air traffic control, which I know has been raised in the past. In Africa, there is very little air traffic control, which explains how arms get moved around. A fairly modest-sized project was proposed a few years ago by the UK Government, but it did not go ahead—it was quite a contentious issue at the time. I am not sure whether the Minister is in a position to comment on that, but one of the things we could do, besides the international treaty that the hon. Gentleman suggests, is look again at the possibility of establishing some means of air traffic control to monitor who is moving what around. At the moment, people can move weapons around pretty much with impunity.

As well as physical solutions to the security problems in the DRC, we need political solutions. At the beginning of our visit, we were fortunate enough to meet Dr. Murigande, the Rwandan Foreign Minister, together with the Rwandan ambassador to the great lakes region. It is clear that Rwanda has had some success in encouraging some of the Interahamwe back to Rwanda. There is a package and some have semi-settled back in Rwanda peaceably, but that process has had limited success so far. Some people will not return to Rwanda because they will be brought to justice, and not necessarily through the Gachacha system. They may well be put in prison, so they are reluctant to go back, and often they are the most powerful people in those communities. Clearly, the UK Government, who are listened to very intently by all the Governments of the great lakes region, could have some influence in encouraging more diplomatic efforts to get all the people we can back to Rwanda. Not all of these people are Rwandans, of course—many may be recruited Congolese—so the problem is fairly opaque. Rwanda has been doing a great deal, it deserves to be commended, but there is a great deal more that we can all do.

On a more specific level, I would like to mention briefly an ongoing problem with marginalised and abused children. My hon. Friend the Member for Wakefield will speak a bit more about this. In an impoverished society, it is difficult, and sometimes impossible, to look after children. There is a series of mechanisms by which people in the DRC simply reject their children, who are left to live in the street or in the forest, if they survive at all. There is a phenomenon that has received quite a lot of publicity in the UK press recently. In essence, where the unreconstructed aspects—if I can put it that way without being too pejorative—of the theology of some of the more evangelistic Churches comes into contact with people who are not able to afford their children, the children are accused of witchcraft or some such superstitious nonsense as a mechanism to explain problems in the family and the difficulties that beset extremely impoverished people—and as a means for people to divest themselves of a troublesome child.

We met quite a large number of churchmen—they were all men, I think—and a fair number of them were using a rather odd qualifying argument. Not all of them made the argument, but enough did to make it quite worrying. They argued that the problem was not that there was witchcraft among children, but that sometimes the wrong children were accused of witchcraft. In other words, some of the churchmen were saying, "We think that witchcraft exists among children but the problem is that far too many kids get accused of it when they just have psychological problems". That exacerbates the whole problem by bedding in and giving validity to the idea that such a phenomenon exists. There may be ways in which the Government and other agencies can encourage Churches, which in other modest but important ways operate extremely well—they provide social services and churches, schools and so forth—to look again at those practices.

Those practices do exist, that argument is deployed and we came across it. The phenomenon is seen in the UK because some children from London have been sent back to the DRC and remain there. The UK embassy and the ambassador in the DRC have their eye on the problem, but there is little they can do except monitor it. However, it is important to raise it here and perhaps other agencies, including some of the Churches, will look again at the problem.

The UK Government, the Chancellor of the Exchequer, the Secretary of State for International Development, the Foreign Secretary and Members of all parties in this House, take a great interest in the role of education in the developing world. We had the opportunity to chat to President Kabila about the possibility of some kind of modest link between some schools in the DRC, probably in Kinshasa, and some in the UK. I think that it will be possible to facilitate that in one way or another. Mr. Andy Sparkes, the UK ambassador in Kinshasa, was very encouraging. I wonder whether it might be possible for the Minister to commend the idea of having a link-up because it would benefit kids in the UK as well as kids in the DRC, although it would be fairly modest and, of course, Francophone.

The DRC is led by President Kabila at the head of an interim Government. Elections will take place soon. The UK Government, particularly through our ambassador

[Mr. Joyce]

to the country, Andy Sparkes, and through the Minister and others, have played an invaluable role in facilitating those elections. Not every party is taking part, although I think that most people will vote. It is a pity that it looks as though the Union for Democracy and Social Progress—a major opposition party with a good record in opposition under Mobutu—will not take part, but I think that many of the DRC's voters will take part in the elections.

At one level, it is a little odd that Britain will soon be the largest donor to the DRC. We have no great history there—it is a Francophone country—but that is the way things are currently. Belgium and France could perhaps take more of a leading role. Who knows who will win the election? There must be a modest chance that President Kabila will win it. We got the impression on the trip that if he does, he will take an inclusive approach to choosing his Government and to governing, as opposed to a winner-takes-all mentality, which would send people straight back to the bush and alienate very talented people such as Vice-President Ruberwa and others whom he needs on board.

Let me mention the groups that made the trip, which we found to be invaluable, possible. They include Oxfam, Christian Aid, Tearfund, the Rainforest Foundation, War Child, Save the Children and Amnesty International. All those organisations have hugely valuable programmes in the DRC. They help to support local non-governmental organisations and to build capacity among those NGOs, which will perhaps be their most important role in the longer term. In addition, our embassy in Kinshasa is doing a sterling job—a magnificent job. Andy Sparkes, Jo Gauld and their colleagues deserve recognition for that.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Will the hon. Gentleman give us the benefit of his experience of a recent visit to the DRC and tell us what he learned about the preparations for the June elections? Those elections are a vital precursor to further stability in the DRC. Did he learn how the European troops were to operate with the UN troops already in the country to ensure that there is at least a semblance of free and fair elections?

Mr. Joyce: That is a good point and that matter formed one of the main focuses of our visit. There is room for some optimism that there will be more or less effective elections across the DRC, although perhaps not to the standards of the UK. The position will be more difficult in rural areas. We were struck by how many people had their IDs to vote and by the apparent effectiveness with which MONUC is preparing. We had a lot of time with Bill Swing, Ross Mountain and a commander of a Pakistani battalion—one of the generals on the ground in the Bukavu area. They will give a lot of confidence to people, especially in more populated areas, that it will be safe to vote. No one is suggesting that there will be violence against those who vote. The militias are largely staying out of the process, so I think that there will be a pretty good turnout. Clearly, one has to put that in context. One can look at what happened in the early 1960s, but the forthcoming election will probably be the first real election in Congo at which there is pretty much universal suffrage.

Let me mention Oona King, who founded the all-party group during her period in the House. It is largely because of her efforts that we are having this debate and the issue is being raised today on Sky television and "Channel 4 News" by the team that we took with us. Today's edition of *The Guardian* carries a good article on the issue. We also took Johann Hari of *The Independent* with us and that newspaper, too, is providing coverage.

I believe that the interest in the DRC in Parliament—at this debate there has been a good turnout of hon. Members from both sides of the House—and the interest in the media presage a period when the country will step out of the shadows. Four million people have died there, but that figure comes from epidemiological surveys, not daily bombs, so the issue is less media-friendly. I cannot blame the media for that, but now, in the pre-election period, we have a chance to raise the profile of the Democratic Republic of Congo. We hope that the election will be successful, I look forward to hearing what the Minister and other hon. Members have to say.

Mr. Mike Hancock (in the Chair): Thank you very much for that thoughtful presentation, Mr. Joyce. I shall start the winding-up speeches at 3.30 pm, and four hon. Members want to speak. If hon. Members are generous to one another and we co-operate, everyone who wants to should be able to speak. I ask hon. Members to bear that in mind.

2.55 pm

Mr. Jeremy Hunt (South-West Surrey) (Con): I congratulate the hon. Member for Falkirk (Mr. Joyce) both on his excellent speech, which I wholeheartedly endorse, and on the excellent way in which he chairs the all-party group. I, too, was a member of the group that went to the DRC. I should also like to add to his praise for the work done by Oona King, the former hon. Member for Bethnal Green and Bow. The fact that in 2003 the DRC did not feature at all in the top 10 recipients of UK aid but by 2004 was the second biggest recipient after India shows the success of Oona King's work in setting up the group and raising the profile of a part of the world whose profile certainly needs to be raised.

Africa, for all its vibrancy, sometimes seems to prove the inverse of the saying, "The grass is always greener on the other side of the fence." One could say that in Africa the grass is always browner on the other side of the fence, because wherever one goes and whatever appalling poverty one finds, there always seems to be somewhere even worse off. One goes to a Nairobi slum, where children with HIV eat charcoal because they are so hungry, and one wonders what could be worse. Then one goes to the DRC. There, despite the street children, the begging and the hunger, security is so bad that poverty alleviation is barely on the agenda. People simply do not have the luxury of worrying about starving: they face the even more immediate danger of being raped or murdered as they sleep in their beds at night.

On the all-party parliamentary group trip, we met villagers who slept in the tea plantations at night, terrified that if they slept under their own roof they

would be attacked as they slept. In visiting Panzi hospital, to which the hon. Member for Falkirk referred, we visited what is perhaps the world's only specialist rape hospital, where hundreds of women wait for operations because of rapes that are often so bad that multiple operations are needed. I met a woman who witnessed militia kill her five children and husband and put their bodies into sacks. She was then raped by three men. I heard of a 22-year-old woman who was raped by seven soldiers, after which a gun was fired into her genitals. Remarkably she survived, although she needed six operations. Now, amazingly, she wants to become a nurse.

With no justice system to speak of, rape in the DRC can barely be called a crime. It is more a weapon of mass destruction. It is the means by which militia know that they can destroy a village: if they rape the women, they destroy the slender fabric on which some of the poorest and most fragile communities in the world depend. The lesson of this terrible madness is simple. There can be no poverty alleviation without security, no AIDS drugs without security, no agricultural development without security and no democracy without security. But there is no security.

The army, whose soldiers are supposed to be paid a meagre $10 a month, remains unpaid. The salaries are issued by the central bank and then lost in a giant river of corruption that has as many tributaries as the River Congo. Government soldiers therefore end up practising the rape and extortion that they are supposed to be stamping out. For example, four senior officers are currently being sought for various offences, including a lieutenant colonel who is being sought for the rape of a 14-year-old girl. The army is refusing to hand the officers over—*[Interruption.]*

Mr. Mike Hancock (in the Chair): Order. We shall adjourn for 15 minutes for the Division in the House. I am sorry about that, Mr. Hunt.

2.59 pm

Sitting suspended for a Division in the House.

3.15 pm

On resuming—

Mr. Hunt: The point about these terrible stories of rape and the atrocities that one encounters somewhere like the DRC is that, time after time, when one asks local people what they really want, the answer is very simple: they want to end the culture of impunity. That culture of impunity in the DRC started with the infamous article 15 of an earlier Kasai constitution, which encouraged people to débrouiller, or manage for themselves. That was a kind of licence for people to look after themselves, whatever it involved. It continued through the Mobutu kleptocracy and has now spread like a cancer beyond looting and extortion to rape and murder.

The international community has been generous in financial terms, but ultimately ineffective. Shamed by the blind eye that we turned to what happened under Mobutu because of the cold war, and doubly shamed by our inaction in the Rwandan genocide, we have since showered money on the DRC. Some $1.2 billion is spent annually financing the 17,000 UN troops in what is the most ambitious peacekeeping force in the UN's history. The DRC is now the top African recipient of UK aid. Soldiers from the Pakistani UN contingent, whom we met on the trip, were decent and brave, but they have a very limited mandate, and they often end up simply chasing the militia from one part of the country to another. That is a particularly sensitive issue in the Kivu region, where the Rwandan Hutu Interahamwe militia are being chased inland, further away from the border areas and, significantly, further away from Rwanda, to which everyone agrees they must return.

The most that can be said of MONUC is that it has succeeded in stabilising the situation and has made elections possible. That should not be underestimated, but what happens after the elections will be crucial. The model has to be what happened in Sierra Leone, where the UN was prepared to stay for three years after the election and where it made a commitment to train the local army for a full 10 years. Sierra Leone is a tiny country compared with the DRC, so the price will be huge, but if we want to stop the rapes, the extortion and the regional instability that affects not just the DRC but Sudan, Uganda, Rwanda, and Burundi, we have no alternative.

Mr. Clifton-Brown: During my hon. Friend's visit, was he able to gauge at all whether the UN stabilisation force has been effective at reducing the number of forced child recruits in the various rebel armies? Does he think that that problem has been tackled at all?

Mr. Hunt: I am grateful to my hon. Friend for raising an important point, to which I intend to return. The simple answer is that the UN has stabilised the situation, but we now have to persuade the child recruits who joined the militias to come back out of the bush, and determine whether the disarmament, demobilisation and reintegration process, under which the child recruits are demobilised and reintegrated back into the communities, is actually working. The international community seems to have devoted a lot of money to making that process happen, but when one actually looks at the DDR camps, there seems precious little evidence of that money on the ground, so he legitimately raises a concern about whether the policy is as effective as it should be.

Returning to the issue of the UN force, we have to recognise that a UN peacekeeping force can only ever deal with the symptoms of a problem, not the cause. Attacking the causes of the problem will involve much more fundamental action, including an international arms trade treaty, referred to by my hon. Friend the Member for Buckingham (John Bercow), and serious reform of the unpaid, untrained and undisciplined DRC army. We must consider whether some of the money spent on UN forces would be better spent on training that army. We must exert maximum pressure on the post-election regime to stamp out the corruption that filters off soldiers' salaries before they are received.

Given our substantial influence in Rwanda, we can do much more to help facilitate the return of the estimated 10,000 Interahamwe militia members, who terrorised the population of the DRC in a desperate attempt to avoid repatriation. We need an internationally agreed

[Mr. Hunt]

repatriation corridor, complete with credible, publicised amnesties for the majority of militia members who had no part in the 1994 genocide.

We all hope that the June elections come off successfully. Some 26 million people have registered to vote and there was overwhelming support for the new constitution. However, there are plenty of reasons for caution. Consider this: a Head of State gives in to pressure from the west for reform; he declares his country a multi-party state; the newspapers explode with new-found freedom; civil society, the military and politicians agree on a transition to democracy; nearly 400 political parties are formed. Am I talking about the DRC under Kabila in April 2006? No, that was Zaire under Mobutu in April 1990.

When we see pictures of that old kleptocrat shaking hands with President Kennedy in the 1960s, we are reminded that Mobutu was as credible to the west then as Kabila is now. We wish President Kabila well, especially if he wins the election, but we urge him to recognise that, when the time comes, it will not be the acquisition of power but the courage to hand it over peacefully that will place him in Africa's pantheon of respected leaders.

I conclude with a couple vignettes about the child soldiers whom I met in Congo. Rafiqu, aged 13, was driven by poverty to leave his family and join a militia called the Mudundu 40, a rebel group that later merged with the Mai-Mai militia. He learned how to use Kalashnikovs, mortars, M160s and rocket propelled grenades. In his three years as a rebel militia soldier, he was involved in four battles and he thinks he killed about 30 people. Four years later, he is undergoing rehabilitation in a camp run by the excellent organisation Save the Children.

Sadiq, a 12-year-old, woke up to find that militia had stormed into his house and were raping his sister. They then abducted her. In a perverted twist of logic, he joined the same militia to see whether he could get her back. On one occasion, he remembers his commander telling him to execute 10 men, which he did. Now he is undergoing rehabilitation in a Save the Children camp, where he says that for the first time he is in a community with people who care about his future.

Such children are starting their lives again. The DRC is starting its life again. It is not for us but for its people to solve their problems. However, when we find those all-too-rare people—whether they be former child soldiers, an about-to-be-elected President, people working in rape hospitals or young politicians in Kinshasa—with the vision, determination and courage to deal with the problems, we in the international community must do everything we can to give them the support that they need.

3.24 pm

Mary Creagh (Wakefield) (Lab): I thank my hon. Friend the Member for Falkirk (Mr. Joyce) and the hon. Member for South-West Surrey (Mr. Hunt) for their valuable contributions and for the good humour with which they conducted themselves during our trip, which was very testing at times. I was grateful for their good humour and good nature throughout.

I add my thanks to the UK ambassador Andy Sparkes and to Jo Gauld, who accompanied us and helped arrange our trip, and I pay tribute to the DFID team in Kinshasa and to our ambassador in Rwanda. I echo the comments made about my friend and former colleague Oona King, who founded our group seven years ago. At 7 pm tonight, "Sky News" will feature some of the people whom we visited, particularly those at Panzi hospital.

Hon. Members need no explanation of the situation in the DRC. During the past eight years, the wars and actions of armed groups have brought people there to their knees. Access for humanitarian groups is restricted by a lack of security outside the main cities. In a recent report, the International Crisis Group estimated that 4 million people had died in the previous eight years of conflict. That means that about 1,200 have died every day in their villages, in the tea plantations and the bush—out of the range of the lenses of the UK and general western media.

We have seen a war waged through arms in the DRC, but now a second war is taking place, waged through HIV/AIDS. There is war also waged through the disruption of basic services and, as has been said, a culture of corruption at all levels, which means that soldiers who should be demilitarised are not paid. So they go back, take up arms and start the cycle of violence again.

I should like to touch on the Panzi hospital, which my hon. Friend and the hon. Gentleman mentioned. I shall give some numbers that reflect what is happening in South Kivu province. Last year, the hospital treated 3,500 rape victims, 1,000 more than in 2004 and 50 per cent. up on the numbers treated the previous year. There is evidence from South Kivu that after the explosion and violence of 2004, things calmed and tailed off. However, things are escalating again.

An estimated 10 women are raped there every day. As we heard, the rapes are carried out with violence—with the use of knives, bayonets or bullets. The victims are sent back to their communities as cripples and outcasts. We received a report entitled "Women's Bodies as Battlefields" from one of the non-governmental organisations in the DRC. It sums up better than any of us could how women are used in the ongoing war.

The militias' aim is to degrade society by degrading women and its values. The United Nations High Commissioner for Refugees estimates that 45,000 women and girls have been victims of sexual violence in the DRC. The international community needs to ensure that each individual, hidden, private sexual tragedy becomes a collective and public human responsibility. One NGO worker told us, "We do not want homes for raped women or orphanages for children born of rape. We want those women to go back to their villages and be reunited with their husbands and for their villages to take collective responsibility for them. We want those children to have the right to grow up and go to school like any other child and not to bear for the rest of their lives the stigma of the unfortunate way in which they were conceived."

The women at Panzi have often been carried over non-existent roads—sometimes by their grandmothers, on piggyback—to seek treatment. My hon. Friend mentioned the incredible work done by Dr. Denis Mukaweye, who

runs the hospital on a shoestring. I am glad to be able to tell the Minister that DFID is constructing a new building there. That is wonderful. It will mean that the women who are in for continuous operations will have to wait less time before they go back to their villages.

We heard the story of a woman aged 72 who had been raped in front of her sons-in-law. She refused all treatment and chose to die, rather than return home to the shame that she felt had been visited on her and her family. We heard stories of women abducted by the Interahamwe, gang raped every night, left pregnant with their rapists' babies. How can a mother be taught to love a baby from a man who has used such terrible violence on her? Many girls know that they and their babies will be rejected and even killed if they return to their villages, so they are left with no choice but to stay in the camps. In all the conversations about the programme to disarm, demobilise and reintegrate soldiers, scant attention was paid to the fact that few of those young women, while not formal combatants, have been successfully demobilised and reintegrated. It is difficult to talk about these terrible stories, but it is important that our group visited such people. We heard the stories and saw what was happening. It is important that things are put on the record.

The children of the DRC have no social and legal protection. The social pathologies of the violence, abuse and rejection of children are generalised across its society and go unpunished. The sexual abuse and rape of children is widespread. We must be aware, and be wary of, just examining what hits the western papers and is trendy in the international aid community at any given point, whether that be children accused of witchcraft or child soldiers. Such problems are huge and endemic, but they also stem from the situation of children and their having no legal and social protection.

Mr. Russell Brown (Dumfries and Galloway) (Lab): As one of the joint chairs of the all-party group on street children, I, together with two colleagues, will visit the DRC later this year, once the elections have been held. Will my hon. Friend detail the dispersal that happens there? How much does it compound the whole problem and the difficulties in which children find themselves?

Mary Creagh: I thank my hon. Friend for that useful question. Before we left for the DRC we had a briefing about the demobilisation and demilitarisation. In general, a series of armies travel with their women, children and families. They are sometimes transported thousands of miles to be demilitarised in one place and are then put back into a brigade in another place. I am unsure about the situation of children being demilitarised and demobilised, and I shall be interested to hear what he finds out.

There is a problem of women sometimes being left thousands of miles away from their partners and ending up in new camps. We visited camp Saio in Bukavu. It is not like a military camp as we in the west would imagine one; there are bunches of chickens hanging around and cabbages growing, because people have no food or money. They live on $10 a month if they are lucky—if they receive it. While their men are away being demobilised those women and children have no money on which to survive. There are problems with the men and their families in the demobilisation campaign and the payment of their wages. As the hon. Member for South-West Surrey said, it is clear that the money simply is not getting through.

One in five children in the DRC will die before their fifth birthday. We visited a Batwa pygmy village, where the children looked like they had chicken pox because they had so many spots on their heads. I asked what was wrong with one of the babies and the interpreter told me that I was looking at mosquito bites. The babies had so many bites because the mothers were sleeping out with them under the tea plantations every night, as the hon. Gentleman mentioned. We cannot imagine what it must be like to sleep in the rain with a tiny baby. Development or progress will happen only when such children and their parents have the security to sleep in their beds, when we can provide them with bed nets and when they can receive the education that they so desperately want.

We visited Mbuji-Mayi in Katanga province, where three years ago it was estimated that 5,000 children were living on the streets. People are currently trying to ascertain how many street children there are in Mbuji-Mayi itself. Some 80 per cent. of them have been accused of witchcraft. We visited a centre run by Save the Children, which aims to reunite those children with their families, and to give them a roof over their heads, something to eat and somewhere to wash. Our first sight on arriving at the centre was of 40 naked boys. I took a picture, which I probably would not have been permitted to do had I been in the UK. It was one of the few moments of light relief—all these naughty boys squirting each other and dancing around for us in the puddles.

It is important to put the accusations of witchcraft into the social and economic context in which they occur. There is no slack in families any more, because of the years of disruption caused by the war and the poverty of families. People are unable to feed the children. Some children have been tortured in order to be exorcised; they suffer all sorts of violence. We heard one story of a 16-year-old girl who was beaten to death by her father for being a witch. I was impressed by some of the leaflets that have been produced—I have copies, should colleagues like to look at them—which try to educate the local population that every family can suffer bad luck and unemployment and that a child who sleepwalks or who has epilepsy is a normal child, not a witch.

I conclude with a few remarks about the hopes for the DRC. We all hope that the elections scheduled for early July will represent a new dawn, but they are unlikely to be either elegant or flawless. I hope that they will be good enough to convince the DRC's citizens and the international donors that the first step on the path to a better future has been taken. I want the UK Government to play an active political role in the great lakes region to ensure the repatriation of armed foreign groups, whether we are talking about the Lord's Resistance Army or Interahamwe. We also have a role to play in Kinshasa in ensuring better aid co-ordination between the many countries that offer goodwill and are working there to improve people's lives.

Like the hon. Gentleman, I want the UN to remain in the DRC to provide long-term protection for the civilian population. We should extend the UN's mandate to training the FARDC, which is currently being done informally. I want it put on a formal footing. In

[Mary Creagh]

addition, as the hon. Member for Buckingham (John Bercow) said, an international small arms treaty to end the traffic in small arms is vital.

I want our Government to work with that of the DRC to end the culture of violence with impunity, to instigate rape laws to punish those who currently engage in sexual violence with complete impunity, and to work on the better management of resource exploitation through the mining code, the forestry code and western companies. The DRC needs to abolish the death penalty to give some comfort to the people who have committed such atrocities that they will at least be guaranteed the right to life. The new Government need to think carefully about the quick wins that they will have.

I look forward to working with politicians in all parts of the House to ensure that the DRC is at the heart of all our parties' political policy development over the next 20 years, rather than just over the next 10 or five. I look forward to working with civil society and the Churches in the DRC to provide basic services and ensure that people can sleep in their beds at night.

Mr. Mike Hancock (in the Chair): I thank the hon. Lady for that excellent and moving contribution.

3.37 pm

Pete Wishart (Perth and North Perthshire) (SNP): I congratulate the hon. Member for Falkirk (Mr. Joyce) on securing this timely debate. No nation is more worthy of a debate in this House than the Democratic Republic of the Congo. The debate could not be more timely, given that we are approaching the first democratic elections there for 46 years.

I do not think that there is any disagreement that the DRC has been dealt an appalling historical hand. The recent history of that part of Africa is among the most desperate of any region. The various conflicts that have so tragically gripped that huge nation for the past 10 years are without precedent or peer. Some 4 million people—more than the entire population of Wales—have perished during the various conflicts. More people have been killed in the conflicts in the DRC than in any other conflict since the second world war. Given carnage on that scale, one would think that the headlines would be screaming about what is happening in the DRC, yet the conflict goes relatively unnoticed and unreported, and still it continues.

We have heard some harrowing details from members of the all-party group that visited the DRC recently. Children have been betrayed of their childhood by being forced to serve in the various militias. It is estimated that 300,000 children have served at one time in some of the competing militias, and children as young as seven have been forced to carry arms. We have learned that in parts of the east of the country children comprise as much as 40 per cent. of the militias.

There is no point in going over the political history of the DRC. That depressing and sad tale is familiar to everyone in this Chamber: the brutal, extractive colonial regime, and the bizarre and disastrous Mobutu years, which were followed by the DRC being plunged into a de facto civil war. What is particularly reprehensible is the behaviour of some of the DRC's near neighbours, which for years have taken advantage of the perilous conditions in that country and intervened for purely selfish reasons.

The DRC has not even started to sort out its many difficulties and challenges, but the elections are the best chance that the country has to secure a reputable future and the stakes could not be higher. If it has successful elections, it could have a bright and rosy future. The DRC is the third largest county in Africa and the fourth most populous. It is endowed with fantastic natural resources and should be able to sustain not only itself but the whole central African region. It seems that, perversely, the DRC has suffered most grievously for being in possession of natural resources and wealth, as all manner of people, from colonial rulers to voracious neighbours and corrupt rulers, have sought to acquire some of its wealth for themselves. It is as if the DRC won some great natural lottery but has never been able to cash in the winning ticket.

I visited the DRC last year, but not with the all-party group. I wish I had been able to join colleagues on that trip, as it sounded fascinating. I went with the Westminster Foundation for Democracy to Lubumbashi in Katanga province. Katanga province is at the heart of mining country, which was the engine that drove most of the DRC in the past 30 years. I visited the famous Jacobins mines, which were so famously looted by Mobutu, and saw the first signs of the green shoots of recovery. Foreign investment has started to go into Katanga, which means that some of the dilapidated mines are starting to roll back into production. I hope to see further progress when I visit again this summer.

I found people who were looking forward to a new democratic era with a great deal of excitement, but others who have been thoroughly disappointed in the political process over the past few decades. They have been let down by successive politicians and therefore feel great anxiety and apprehension about the next few months and years, but the Congolese have so much to gain from a new democratic republic. The DRC is at a crossroads: if the process is successful, it will have an opportunity to catalyse the whole of the greater region of central Africa, if not of the whole of the continent. Politically, a new DRC with a normal political life could assist the progress of democracy throughout central Africa. Economically, the reconstruction of a country that is bigger than western Europe and endowed with incredible natural resources and mineral wealth could serve as an indispensable engine to drive the whole of the central African region, if not the whole continent. Culturally, a dynamic and vibrant DRC, with its fantastic music and incredible and unique history and culture, situated as it is right at the heart of Africa—between north and south, east and west—could act as a catalyst for all of African culture, including arts, science and technology, and in all its diversity could communicate that to the rest of the world.

That is what is at stake for the DRC. Economically and culturally, it could start a new African renaissance. However, that is dependent on several factors. Probably the two most important are a fair and free election that is seen as such, and an end to the fighting and interventions from near neighbours. There is no doubt that the elections will be an immensely complex task for the new Independent Electoral Commission. The registration process alone has been tortuous, and the

election timetable has rightly been delayed because of logistical and communication difficulties in assuring that everybody in that huge nation has been registered.

As we heard from other speakers, the country has seen the usual political posturing before the election by some political protagonists. It is disappointing that some of the main contenders for the election have chosen not to register as presidential candidates and that there are fewer candidates registered for election to the legislature than there are seats in it. The latter may be the result of communications difficulties in that huge country, but, more seriously, it may show that some individuals and political parties are dangerously suspicious of the electoral process and of each other. I ask the Minister what he is doing further to engender confidence among the political parties and protagonists so that they can feel confident about participating in the election.

The international community has been positively engaged in ensuring that the elections are conducted fairly and freely. As we have heard, the United Nations has its biggest deployment of resources in the DRC and has been instrumental in trying to persuade rival militias to lay down their arms and be repatriated to their home nations. Over the Easter recess, I was in New York and popped in to see some officials in the United Nations. The most obvious sign of its work in the Congo are the blue beret soldiers, but a swathe of activity in respect of relief, development issues and local economic regeneration goes on underneath the surface. I welcome the EU's decision to send the German-led European Union force to assist MONUC during the election. Will the Minister say something about British participation in that force and whether the UK Government will do everything possible to ensure that the mission is a success?

I also welcome the new package from the Department for International Development. The UK may now be the biggest bilateral donor to the DRC. That is to be welcomed on both sides of the House, and I hope that the Government will be encouraged to do much more. Perhaps the Minister can tell us whether aid is getting through to the hardest pressed parts of the country and what the UK Government are doing to support the many NGOs that are active in that huge nation. During my visit to the DRC, particularly in Katanga and Lubumbashi, I noticed the almost total lack of civil society. Will the Minister say what we are doing to help to build capacity within civil society, as that will be crucial in the post-election period?

Mr. Mike Hancock (in the Chair): Order. Mr. Wishart, I am sorry to interrupt you, but may I ask you to be a bit generous? There is one more Member to speak, so will you bear that in mind?

Pete Wishart: Absolutely, Mr. Hancock. I shall conclude my remarks.

What will the UK Government do to discourage near neighbours from becoming involved in skirmishes in the DRC? It is not as if we are without influence in the area, particularly in Uganda and the other Commonwealth nations. I urge the UK Government to do all that they can to encourage greater co-operation between all the partners in the central African lakes region, and to ensure that the shared ambitions and agenda for the area are addressed.

Most importantly, what are the UK Government doing to ensure that there will be free and fair elections, and will there be assistance in the post-election period? No election in Africa has gone uncontested by the losing opposition, so we have no right to expect that this one will be any different.

Lastly, can we ensure that after the election it will be the Congolese who get their hands on the mineral wealth and the natural resources of their country? That will be very important—a key issue—as the DRC enters the post-election period.

Several hon. Members *rose—*

Mr. Mike Hancock (in the Chair): I call Jeremy Corbyn. I am sorry, Mr. Wills, you have no chance.

3.47 pm

Jeremy Corbyn (Islington, North) (Lab): Thank you, Mr. Hancock, for the fair way in which you are chairing this debate. I thank my hon. Friends the Members for Falkirk (Mr. Joyce) and for Wakefield (Mary Creagh) and the hon. Member for South-West Surrey (Mr. Hunt) for the report of their harrowing experience.

We must consider the history and the victims of the DRC. I believe that I am the only Member in this Chamber who has a substantial Congolese community in their constituency. The community that I have the honour to represent dates back to the 1960s, when Patrice Lumumba's family first arrived in the Finsbury park area of Islington. They have been there ever since, and there is a substantial Congolese community as a result.

A local church, St. Mellitus, and its excellent priest Father David Ardagh-Walter, actively work with the community. The church has services in Lingala and in many other ways gives wonderful support to distressed people in the community. I put on the record my appreciation of them.

I have not had the good fortune to visit the DRC—I hope that I will in the not-too-distant future—although I have visited Rwanda and Angola. I had an experience that does not in any sense compare with that of my colleagues, but it involved an interesting point of history. I visited the Royal Museum of Central Africa in Brussels, which was constructed by Leopold. On one level, it is a bizarre and absurd folly, but at another level it shows the lunacy of the Belgian policy in the Congo from the mid-19th century onwards and the way in which Leopold manipulated the Congress of Berlin to get exactly what he wanted, which was the private ownership of the Congo. Human rights abuses have gone on ever since. Indeed, there were many reports of human rights abuses at the turn of the century. Roger Casement, a British diplomatic representative, exposed many of them. Sadly, he was later executed for his part in the Easter rising, but he is fondly remembered in Islington for his work in helping to bring about Irish independence.

The intensity of media coverage of conflicts around the world is a distorting prism. It used to be said that a war was serious if it was happening, but that it was very serious if Kate Adie was there—it had to be taken notice of. We now have 24-hour news running on cable channels all over the world, but if I were to step outside

[Jeremy Corbyn]

this room, stop 10 people in the street and ask them where is the worst conflict in the world, they would talk about Iraq and Afghanistan, and perhaps Colombia; I would be very surprised if anybody mentioned the DRC, or, indeed, any conflict in Africa. I am not minimising the effect of those other conflicts, but at least 3 million people have died in recent years in the DRC. The deaths, violence and abductions continue. A first world war rate of slaughter is happening in one of the largest countries in Africa with the largest mineral resources available anywhere.

It is clear that the intrusion in DRC affairs by forces from Angola, Zimbabwe, Rwanda, Uganda and several other countries over the years has not helped the situation, but made it made it much worse. The Lusaka accords allowed an opportunity to withdraw those forces, and in many cases the formal armies were withdrawn, but I am far from convinced that informal support is not being given to forces in eastern DRC by neighbouring countries and Governments. We should be very cautious about those countries' protestations of innocence.

On immigration matters, Committee Room 14 hosted a meeting of hundreds of Congolese people who were terrified of being returned to DRC. I hope that the British Government will no longer return people to DRC, but recognise that the situation there is incredibly dangerous.

Several speakers mentioned street children. Unless we do something to support street children—the victims of war—by giving them hope, education and housing, they will become the terror gangs, criminals and fighters of tomorrow. They know no other course.

Finally, we must consider what the international mineral companies are doing and where coltan, diamonds, gold and all other minerals are coming from. The Congolese people see nothing of those minerals, neither their benefits nor their profits, but because of them, they see environmental destruction, conflict and the arming of illicit groups. There are people in this very city who have made an awful lot of money out of the death and destruction in DRC, and they, too, should be brought to book.

3.53 pm

Mr. Jeremy Browne (Taunton) (LD): I pay tribute to the hon. Member for Falkirk (Mr. Joyce) for securing this debate. I pay tribute also to his colleagues, the hon. Members for South-West Surrey (Mr. Hunt) and for Wakefield (Mary Creagh), for describing during the first part of this debate their informative and moving journey to the heart of darkness.

When the hon. Member for South-West Surrey talked about security being the root of all requirements for the people of the DRC, I wrote "stability" on a piece of paper in front of me. I shall discuss four strands of that stability, and it will be interesting to hear the Minister's comments on them.

My first point is about political stability and the forthcoming elections. It is ironic that the country is called the Democratic Republic of Congo. The jury is emphatically out on whether it is democratic, and we shall no doubt find out in due course. Although elections are important and a precursor to achieving stability in most countries, they are not always a solution in themselves, as we have learned to our cost in Africa and elsewhere many times before. The elections are necessary, but I hope that we regard them as the start rather than the conclusion of a process. They are a milestone on a journey, but we should not assume that the elections in themselves will achieve the social outcomes that we want.

My second point is about funding and the financial contribution of the international community. In a spirit of bipartisanship, I pay tribute to the British Government for their general enlightened attitude to the DRC and other countries. Among advanced and prosperous western countries, through troops and other means, Britain is seen as taking a lead in putting in place aid and measures that support the stability of a country. I only urge the Government to continue to think imaginatively about how they can lead that process. I do not think that anybody present thinks that the solution to the ills of the DRC lies entirely in increasing the volume of aid that richer western European countries provide; none the less, using money intelligently and in places where it can have the maximum impact is important. The Government must continue to pursue that course.

My third point is about the economy. I differ slightly from the hon. Member for Islington, North (Jeremy Corbyn) on this matter. The DRC is blessed with a potential source of wealth. No country can succeed unless it is able to create prosperity for its citizens, so I completely agree with the hon. Gentleman that that the wealth must be structured so that it finds its way to the people of that country. However, international companies, including experts based in this city, have a role to play in ensuring that mineral resources and other infrastructure, including transport, are organised so that they can bring maximum benefit to the people of that country. Far from thinking that there is a potential conflict between western involvement and the prosperity of the Congolese, I think that there is potential for a harmonious synergy that would benefit them.

My final point about the four strands of stability relates to civil structures. We have already heard from the hon. Members for Buckingham (John Bercow) and for Wakefield about the need to reduce the number of arms available in the DRC, to pay soldiers so that it is in their financial interest to remain attached rather than detached from formal structures, and to integrate militias formally into an overall national force, which is a difficult process. When creating those civil structures, it is essential to reduce corruption in the public and private sectors, so that people have confidence in the institutions that exist to serve them.

In conclusion, on behalf of my party, I pay tribute to the Government for the work that they are doing and have done. I hope that the Minister can make further progress on the four areas that I have described this afternoon.

3.58 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am delighted to serve under your chairmanship, Mr. Hancock, and I congratulate the hon. Member for Falkirk (Mr. Joyce) on having raised a very important

debate. The moving speeches made by my hon. Friend the Member for South-West Surrey (Mr. Hunt) and the hon. Members for Wakefield (Mary Creagh) and for Perth and North Perthshire (Pete Wishart) have enabled us to understand the dramatic and traumatic effect that the horrendous conditions they witnessed had on them. We appreciate the way in which they were able to express that in the debate. Never having visited the DRC, I cannot replicate that, but I can bring something to this debate by putting some pressure on the Government and requesting information from the Minister. We look forward to what he has to say.

When I started my preparation for this debate, I did as I always do and looked at the Foreign and Commonwealth Office country profile for the DRC. It says:

"The DRC is ranked near the bottom, 168 out of 177 countries, on the Human Development Index. All the socio-economic indicators are poor, made worse by the last 10 years of war. The education system is in a state of collapse, and the public health system is reportedly a disaster. In December 2002, donors pledged some US$2.5 billion for reconstruction."

I shall return to that amount, because it is a huge figure. The profile continues with a description of what is happening today:

"The UK has been part of the international community's efforts to address basic humanitarian needs in the DRC. Britain has provided support for DDR (demobilisation, disarmament and re-integration) of the various armed groups and funded quick-start programmes to provide health and education to war-affected parts of the country. The UK increased its assistance to help rebuild the country to £40 million pa in 2004/05 and 2005/06."

That is a recognition by the Government of the dreadful state of that country.

As a number of hon. Members have mentioned, the DRC is well endowed with minerals. It has diamonds—at one stage it was the fourth largest producer of industrial diamonds in the world—gold, coltan, which the hon. Member for Islington, North (Jeremy Corbyn) mentioned, and cassiterite. Its forest cover is abundant and rich, if it is sustainably managed, and there are rich agricultural lands. However, as is true of so many other African countries, the DRC's economy needs to be managed properly and to start producing if its dependence on aid is to be reduced.

Surprisingly, I entirely endorse what the hon. Member for Islington, North said about exploitation. It is clear that there has been exploitation by the mining companies, in part because mining takes place in conflict areas. Much of what is produced is smuggled out of the country by the various militias, with not even a penny benefiting DRC's economy. However, exploitation has also taken place because DRC has not had the resources to police mining properly. All such problems require western aid, help and advice to be rectified. If the country could rectify those problems, it could start on the path to prosperity. As the hon. Member for Perth and North Perthshire mentioned, some foreign aid is beginning to flow into the country. We must ensure that that transition is sustainable and that it benefits the economy of DRC.

One the tragic things that I learned in preparation for this debate—we have not heard much about it today—is that the habitat of lowland gorillas, which were never particularly numerous, is now so damaged that their number has been reduced to a mere 3,000. Human rights must always be paramount, but let us hope also that one of the things that comes out of the election is a reversal of that environmental damage.

As has been said, the DRC is Africa's second largest economy south of the Sahara. It has 56 million people, 56 per cent. of whom are Christian. The DRC held a successful referendum in December 2005. If that is an indication of what might happen in the election in June 2006, it bodes well. My hon. Friend the Member for South-West Surrey said that 26 million people had already registered for those elections, which is a positive sign. If we can build on that by working with the 16,000 or so members of the UN peacekeeping force who are already in the country and encouraging the European Union not to place its 1,200 to 1,500 troops outside the country in case of an emergency, but instead put them inside the country to prevent potential abuses in the election, that would also be helpful.

What else is to be done? The World Bank has produced a huge package of $2.9 billion of aid ahead of the elections, but with strings attached. The Opposition will vigorously hold the Government to account on how that aid is spent and what improvements it will bring. In too many African countries we spend millions of pounds in aid, yet the people are getting poorer. Gross domestic product in the DRC fell from $380 per person in 1960 to $115 per person in 2004, and 80 per cent. of the people still live on less than $1 a day. There is absolute evidence from other African countries that millions of dollars of aid are being put in, but people's standard of living is falling. Uganda is a case in point: in the past four years, the proportion of people living on less than $1 a day has increased from 30 per cent. of the population to 40 per cent., yet millions of pounds worth of aid has been put into the country. We have to get a bit clever about using aid—we must set specific targets and make further aid dependent on their being reached.

John Bercow: Although we do not want to live in the past, is it not important that people should not enjoy impunity for offences committed in the past? On that principle, and in light of the fact that the alleged founder and leader of the Union of Congolese Patriots was arrested and transferred to the auspices of the International Criminal Court in March this year, does my hon. Friend agree that it is extremely important to send out a message that actions have consequences and that further referrals of Government and Opposition leaders in the DRC will therefore inevitably be required?

Mr. Clifton-Brown: I was going to refer to the international arrest warrants that my hon. Friend mentions. It is extremely important that there is a good likelihood that those who have committed atrocities will be arrested and punished by the international authorities. We can learn from our experience in other parts of the world. Atrocities have clearly taken place on a massive scale in the DRC.

I shall draw my remarks to a conclusion because I want to give the Minister plenty of time to tell us what the Government are going to do about the dreadful situation in the DRC, but I should like to concentrate on the elections for a moment. Let us hope that the 16,000 peacekeepers can be deployed to ensure free and fair elections. There is quite good press coverage in the DRC at present. Let us hope that the press can operate freely

[Mr. Clifton-Brown]

and fairly during the elections, so that we and the citizens of the DRC can be thoroughly informed of what is going on in them.

Following the elections—which, as has been said, will be quite inclusive—the rule of law needs to be properly established. One of the worst things that that we have heard about during the debate is the treatment of children, not only their forcible recruitment into the various militias, but the lives of street children who have to live other than in their own homes at night and who can be picked up, taken to police stations and tortured there. There are many similar child-related issues—sorcery has already been mentioned. Perhaps the most tragic thing in the world is human rights abuses against children, because they are even more defenceless than some adults. All of us—particularly the Government through aid and the NGOs—have a great deal of work to do to help street children.

One issue that has not been mentioned is the number of people in prison. Often, a prison sentence in the DRC is a death sentence. The prisons are overfull and people are there without proper trial. Following the elections, we will be looking for re-establishment of the rule of law, a proper justice system and a proper penal system.

This has been an illuminating debate. The Government can do a great deal. Other colleagues have said that we should put pressure on the DRC's neighbours, Rwanda and Uganda, which are after all friends and allies of ours, to sort out their militias. That will not be easy, particularly given the situation in Uganda with the Lord's Resistance Army. However, I cannot understand why the world has stood by and let the Lord's Resistance Army operate in the way that it has, particularly with the recruitment of child soldiers. We look forward very much to what the Minister has to say about DRC. No doubt he will bring a great solution to that dreadfully afflicted country.

4.8 pm

The Minister for Trade (Ian Pearson): I congratulate my hon. Friend the Member for Falkirk (Mr. Joyce) on securing today's debate. I am pleased to have the opportunity to discuss such an important topic, and I acknowledge the excellent contributions to the debate.

I have only a limited amount of time, but I should like to welcome the all-party group's commitment to the great lakes region, its recent visit and the information that its members have shared today. I thank our former colleague Oona King for her work and acknowledge the thanks of hon. Members who participated in the recent visit for the work of our ambassador and staff in the DRC and Rwanda, including DFID staff.

The Democratic Republic of Congo has reached a critical moment. Success or failure over the next few weeks and months will have a wide-reaching impact. The 60 million people of the DRC have suffered enough. They want to see an end to the years of autocratic rule, conflict and destruction. We have heard figures this afternoon, and I confirm that the Government fully appreciate the scale of the problems in the DRC. About 80 per cent. of the population live in abject poverty on less than $1 a day. The latest UN figures put the number of internally displaced people at 1.5 million—the result of continuing violence, mainly in the east. There is a long way to go before we can give the Congolese population the stable, secure and prosperous future that they deserve.

What needs to be done? Free and fair elections will form the first step towards democratic and accountable government. Secondly, the new Government must be representative of the full range of Congolese interest groups and accountable to the people who elected them. All the key players should have a stake in the peace. Next, the new government will need to build a greater respect for human rights and the rule of law. Everyone here today will be aware of the terrible abuses that are occurring on a massive scale in the DRC. Many of those take place in the east, at the hands of armed groups, and frequently—something that the Government find particularly disturbing—of the Congolese army itself.

As the elections draw nearer, the Government in the DRC are increasingly clamping down on freedom of expression. At the same time, we are seeing an unchecked rise in the volume of hate speech against certain ethnic groups. The new Government need to tackle all those abuses. As has been strongly demonstrated, the DRC badly needs a reliable, neutral, well trained and properly paid army. We are seeing the beginnings of a new army, but most soldiers are still unpaid, unfed, poorly equipped, and have not yet received effective long-term training.

We obviously need to see an end to the high levels of corruption and the mismanagement of natural resources. Most of all, we need to sustain the huge amount of support and commitment from the international community that has been given in recent years, and we need to ensure that that continues after the elections. Let me say in response to the hon. Member for Cotswold (Mr. Clifton-Brown) that we also need to ensure that the aid budget is spent effectively and that it benefits the people.

The UK is working to support the DRC in developing a stable and prosperous future. Several speakers mentioned the hospital in Panzi, and I am pleased that through the Department of International Development a further £440,000 will be provided over two years to help with infrastructure and the training of doctors.

A number of hon. Members raised the issue of children accused of witchcraft. We agree that it is a disturbing phenomenon with real human rights implications. Last year, as part of the UK presidency, we led an initiative to raise awareness of the problem of so-called child witches in the DRC, and we will continue to work with civil society groups, established Churches and the Congolese Government to push for further action to address the problem. Through DFID and the British embassy, the UK contributes to programmes under UNICEF, Save the Children and other NGOs that aim to protect children. While on the subject of children, I commend the idea of a link-up project between schools in the DRC and in the UK, which was mentioned by my hon. Friend the Member for Falkirk

A key issue raised by hon. Members was the army. Primary responsibility rests with the DRC to provide a secure environment. Creating a new army after years of conflict is a huge task, and the FARDC consists of seven integrated brigades of troops from all factions. The UK offered £3 million for basic life-needs support—things

such as tents and water—to the newly integrated brigades and their families. That will help them to make ends meet and to stop them preying on the local population, but the assistance is offered on the condition that the Government ensure that the troops are paid.

Mr. Michael Wills (North Swindon) (Lab): Will the Minister give way?

Ian Pearson: I have less than a minute, and I am afraid that I cannot.

A number of points have been raised and we will ensure that they are fully taken on board. I acknowledge the work of the all-party group. The stakes in the DRC are incredibly high. The Congolese people have to live with fighting, corruption and human rights abuses every day. The international community has a responsibility to help to deliver the elections and the support that the people of Congo want and need—

Mr. Mike Hancock (in the Chair): Order. It is with great deal of regret—I offer a personal apology to the Minister—that I have to call the debate to a close. I thank all Members who took part for a moving and purposeful debate. I am sorry that the Minister had such a short time to respond. However, it was important that as many Members as possible were given the opportunity to speak. I also thank the Opposition Front Bench spokesmen for their co-operation. I am sorry, Mr. Wills, that you were not able to intervene.

Action Teams (Middlesbrough)

4.15 pm

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): I record my sincere thanks to Mr. Speaker for granting me this debate. I have been trying to secure a debate for three or four months, and I am glad finally to have done so.

I want to speak on an issue that is important to the estates that make up half of my Middlesbrough constituency. The actions plans are important to delivering the Government's programme of getting people off welfare and into work. A key part of such a programme, which has to be based on specialist work, is building confidence and giving self-esteem back to the families and communities that have suffered a history of unemployment. That approach has a particular relevance to communities such as those that I represent in Middlesbrough.

I remember in the 1980s and 1990s knocking on doors in south Middlesbrough, a part of my constituency that suffered massive unemployment. It was a shock to the system to knock on every other door and find that no one was working, that everyone was unemployed. Whole families were jobless. We waited for a Labour Government. I am happy to say that, thanks to the present Government, we are now in a much better situation—it has completely changed. In my constituency, unemployment has dropped by 50 per cent. since 1997, and employment on Teesside is very different from what it was. Youth joblessness has more or less gone. Once upon a time, many left school on the Friday and signed on at the labour exchange on the Monday. I am happy to say that those days have gone.

The policies that my colleagues and I in the Labour party championed have finally been implemented, and we are now seeing success, but the sheer impact of the dark years of the past still linger among those who lost valuable work skills during that time. As a result, intensive work is still needed in particular areas and social groups.

Middlesbrough council has always been active in developing welfare for work and intermediate labour market schemes. Many of them are targeted on particular communities and estates in the town. One initiative was the setting up of the action team for jobs project. The programme is now five years old, and it is managed locally by Working Links. It was originally offered a contract by the Department for Work and Pensions worth some £1.4 million a year. The contract is now in its third which runs from April 2004 to an extended expiry date of October 2006.

The action team targets most of Middlesbrough's wards, including Coulby Newham, Hemlington, Marton, Ladgate, Nunthorpe, Park End, Stainton and Thornton, all of which I represent. Resident participation in the scheme is voluntary, and the majority of clients are accessed through outreach in a range of community venues such as shops, post offices, libraries and Sure Start centres. An estimated 30 per cent. of clients are incapacity benefit claimants, and more than 40 per cent. are ex-offenders.

Project support is tailor-made to individual needs, and there is no limit on the length of time that the action team may support an individual. The longest time an

[Dr. Ashok Kumar]

individual has been with the action team is 20 months. Consultants work with clients to alleviate barriers to employment by paying for site safety passports, driving lessons, specialist training, new clothing for interviews and travel costs. The Working Links action team for jobs currently employs in Middlesbrough eight case consultants, who recruit participants on to the programme and work one to one with clients, and a job search consultant, who works intensively with job-ready clients to place them into their desired appointments. Of the 1,214 clients involved with the action team across Middlesbrough, 554 were placed into employment—the target was 380 for the year—of whom 62 per cent. sustained full-time employment. That is an incredible record.

I want to focus on a project in my constituency: Hemlington Works. As the name suggests, the project is geared towards helping jobless people in Hemlington, south Middlesbrough. The project helps people who face barriers such as economic and social isolation, low-skill levels, lack of work experience and low self-esteem and confidence. I had the honour of opening the Hemlington Works centre in April 2004. The project is a multi-agency partnership, funded by Jobcentre Plus and Middlesbrough council, which provides support through a range of providers to people seeking work in the Hemlington, Coulby Newham, and Stainton and Thornton areas. The main partners are Middlesbrough council, which provides the management; Working Links, which engages with incapacity benefit and income support claimants; and Jobcentre Plus, which provides advisors on disability and for lone parents. Other agencies that offer support include Connexions, the Shaw Trust, Pertemps, the Prince's Trust, Reed in Partnership and Community Campus.

The project helps local residents to improve their chances of gaining employment. It is a working partnership that provides specialist knowledge to people of the estate, and offers a consistent and high-quality service to local men and women. So far, 150 of the 525 clients involved with the project have found sustainable employment beyond 13 weeks. That is a credible performance considering that the area bore the brunt of the devastation of the '80s and early '90s, and has high indices of illness and incapacity benefit claims.

Hemlington Works is funded until March 2008. If the action team for jobs element goes in October, the project will carry on with the support of the council and other providers, but the Working Links action team is the key provider of work with income support clients and, crucially, incapacity benefit claimants. That is a key factor, given the new drive for people claiming that benefit to be diverted back into work, which is a priority for the Department for Work and Pensions and the Government. The loss of that service would be detrimental to employment and training provision as a whole, as only intensive, localised, personal and flexible support can work with such hard to reach and often alienated groups.

4.24 pm

Sitting suspended for a Division in the House.

4.33 pm

On resuming—

Dr. Kumar: As I was saying, areas such as Hemlington have received much help from the Government over the years, and that has been warmly welcomed by local people and by Middlesbrough council, but much of the funding comes as a part of a cocktail—that is, it comes from a variety of sources, including local authorities, national Government, such as the Department for Work and Pensions, and the voluntary and community sectors. All parties to that funding have their own priorities and programmes and a recurring problem is that the different funding agencies often have different cut-off dates.

I appreciate that the DWP, with other Departments, emphasises to project managers the importance of having good exit strategies, but I have to tell the Minister that in the context of a three-year programme, that can mean that local organisations are expected to prepare to wind up in an orderly fashion just as they are beginning to produce good results in the community. That is a feature common to many social regeneration programmes and it has been identified as a key weakness by many independent observers and social analysts.

A recent study on urban regeneration programmes in England and Scotland by the Joseph Rowntree Foundation, an organisation that I admire, said that many local initiatives championed by sponsoring Ministries had a

"lack of common vision on which to build consensus and guide policy, and a short-term approach to regeneration policy and funding."

The foundation also argued that capacity-building in local communities was a long-term process, and that although physical regeneration programmes can be accelerated, work with people and communities affected by a history of unemployment needed time.

Finally, I have a concern about people working on the action team for jobs programme. Their contract has been extended until October. They are dedicated staff, and they have given a lot of their valuable time to make things work, but they need reassurances as much as their clients do. I am concerned that if no long-term extension to the programme is granted, they will seek employment elsewhere in the private or public sectors and in consequence bring the project to a premature end. They have done sterling work with a community that values that work, and with individuals and families who have clearly benefited personally from their intervention.

I hope that the Minister will take on board what I have said. I hope that she will reassure me that the need to keep the programme is recognised, and that she will give support to the action team for jobs in Middlesbrough, because many of my constituents strongly believe that it has done valuable work. It is thanks to the Labour Government that we have been able to achieve so much success.

4.37 pm

The Minister for Employment and Welfare Reform (Margaret Hodge): I start by congratulating my hon. Friend the Member for Middlesbrough, South and East Cleveland (Dr. Kumar) on securing the debate. I know

of his concerns about the action team because he wrote to me recently about it. He works extremely hard and diligently in representing the interests of his constituents in Westminster, and I congratulate him on that, too.

I agree entirely with the tribute that my hon. Friend paid to the work of action teams, both in his constituency and more widely. The action teams were a pilot programme that we started in 2000, and there are now 64 action teams around the country. They are focused in areas of particular deprivation and worklessness, and their strength is that they can engage in more innovative ways of reaching people, so that they can start discussing the possibilities of work with people who may not have sought that as an option for themselves. They can then work through and tackle the barriers that individuals face and help them into work.

Through the action teams across the country, nearly 160,000 people have successfully been supported back into work. Some teams are run by Jobcentre Plus and some by private and voluntary sector providers, including Working Links, which is one of our key providers. We have looked at the performance of private and voluntary sector providers. It may interest my hon. Friend to hear that in the particular set of interventions that we are talking about, Jobcentre Plus teams tend to do better than some private and voluntary sector providers; that certainly interested me. Jobcentre Plus teams tend to be better at reaching out to those who are very distant from the labour market, whereas in an outcome-based contract, the private and voluntary sectors tend, on the whole, to go for those who are easier to reach, so that they can hit their target.

That leaves us with a challenge as we think about the next phase of the work. On the whole, the action teams have been extremely successful. In the year up to February 2006—not the whole year, just 11 months—the action team in Middlesbrough outperformed its targets. It achieved 477 job entries against a target of 380. Its target for reaching those people who are distant from the labour market and would not be reached through the new deal programmes was 266. In fact, the action team reached 356 people. It is a good record, and I congratulate the action team on its work.

We must set the context in which we are considering the future. When we established action teams, there was little activity or active labour market intervention with people other than those on the traditional new deal schemes, such as jobseeker's allowance. So the new deal for young people and the new deal 25-plus were up and running, and we were beginning to experiment with a new deal for lone parents, but there was little intervention with the incapacity benefit group and with the broader income support group, and there was no intervention with those who were not claiming any benefits but who were, nevertheless, out of work. Therefore, it was in that context that we established the action teams.

Since the establishment of the action teams, we have created Jobcentre Plus, bringing together in one place the processes to claim benefit and the initial and continuing advice to support people back to work. It is an innovative second phase of our welfare reform programme. As this round of the action team programme comes to an end, we are thinking about the future in the context of a changed environment, with Jobcentre Plus starting to engage in a much more active way with people with whom, in the past, it would not have engaged. That includes people on income support, those who claim incapacity benefit, and those who do not work but do not claim any benefits.

The second change, of which my hon. Friend will be well aware, involves the proposals and propositions contained in the welfare reform Green Paper. Through pathways to work, which, by October, will be up and running in about one third of the country, we are beginning to engage actively with incapacity benefit claimants in the early stages of their lives on that benefit. It is one of the most effective labour market interventions attempted throughout the developed world to deal with that group of people who face incredible barriers and huge challenges in trying to return to the workplace. Through pathways to work, we have successfully ensured that 8 per cent. more people than ever before have come off incapacity benefit during the first six months of their lives on that benefit. This is a new innovative engagement with people on incapacity benefit that did not exist when action teams were first created.

As my hon. Friend will know, we have plans to ensure that pathways to work are offered across the country by 2008. We have reprioritised our departmental budget and have secured an additional £360 million to ensure that it can be offered to all new incapacity benefit claimants by 2008. Much of the work carried out initially by action teams will be encompassed by pathways to work. We have also decided that the next phase of the roll-out of pathways to work will not be done through Jobcentre Plus but through private and voluntary providers. It is such ground-breaking public policy that we want lots of innovation and the greater flexibility that the private and voluntary sector enjoy, which is not always present in statutory agencies. The private and voluntary sector is often better placed to get multi-agency working, which my hon. Friend talked about, on the ground. We want to experiment and to keep trying to discover what works so that we can build on that best practice as we roll out services to our clients who are on incapacity benefit.

I have had long discussions with Working Links and have absolutely no doubt that it will be active in the new market that we are creating to provide the services for people in local communities. There will be opportunities for Working Links to carry on doing much of the work it has been engaged in to date in places such as Middlesbrough and elsewhere. I had a meeting yesterday with Working Links in Wales about its work. It is very much action-team led at present, but it will develop in the broader context.

I hope that my hon. Friend will take my next important point back to his constituency. There is a concept in the welfare reform Green Paper which is incredibly important in tackling worklessness in the much more constrained fiscal environment of the coming years. Throughout the country, under the Labour Government, there have been many new programmes and innovations involving training and skills deficits, worklessness and community regeneration in which access to a job is a vital and central ingredient.

The £100 million a year that goes into Bradford, for example, to tackle worklessness comes from the Department for Work and Pensions, the Learning and

[Margaret Hodge]

Skills Council through the Department for Education and Skills, local authorities, the Office of the Deputy Prime Minister via the inner-city regeneration programmes, Europe and the regional development agencies. There is a huge range of funding streams, many of them targeted at the same group of people. As my hon. Friend rightly said, they have different time frames and slightly different objectives, but they are all trying to do the same thing.

What is proposed in the welfare reform Green Paper will bring the separate funding agencies, the funding streams and the partners together as a consortium in a locality, starting in cities where worklessness is one of the most challenging problems. We will set them very simple outcome targets and shift away from a process-driven endeavour to an outcome-driven effort. I hope that they will then decide either to pool their budgets or at the very least align them and work together to achieve the objectives, which will give much greater flexibility.

We have negotiated with the Treasury what is quite a breakthrough in the way in which we run the public finances: an agreement in principle—we have to work through the detail of it—that if a city or a locality is effective in getting more people into work and therefore cutting the benefit bill, some of the savings that the Government get can be reinvested in the city through further services. That will give Middlesbrough and other parts of the country a framework in which they can operate in a creative way, responsive to their local circumstances. It will enable them to tackle the very long-term and difficult worklessness that my hon. Friend, like most hon. Members, faces in his constituency.

Jobcentre Plus, the welfare reform Green Paper, pathways to work and the city strategy are informing how we look forward. At the same time, we are looking carefully at the lessons we have learned from the action teams, and we are taking things forward. For example, we know that outreach work is particularly important in respect of certain groups who might be very distant from the labour market—there might be cultural boundaries or third-generation worklessness in families, or there might be issues to do with low skills levels or poor English. Individuals face a range of barriers, and outreach is a key way of trying to start that initial engagement, which draws people into appropriate programmes to bring them closer to the workplace. We have understood that.

Something else we have understood is the power of discretionary funding. My hon. Friend described the way it is used in Middlesbrough. Traditionally, many of the new deal programmes have been very process-driven. If we can get more discretion into the way in which we operate, we can build services around the needs of the individual in a much more direct and beneficial manner, and therefore get more effect for the money we spend, and help more people who are coming into work through that. We will take on board those lessons as we move forward.

We will continue to have an area-based approach, which is what the action team for jobs was all about. That clearly makes sense. We hope that that will grow through the city strategy, but until that strategy is in place across the country, we will take and pull together the money that went on the action teams for jobs and money that has been used for ethnic minority outreach work, for example, and for the working neighbourhood pilots—another area-based pilot that has been taking place across the country.

What we are thinking of then doing—my hon. Friend can reflect on this and write to me if he feels it makes sense in respect of his constituency—is leaving it to Jobcentre Plus at district level to determine how best to allocate those resources. We will concentrate the resources, probably on the 1,000 most deprived wards in the country, but we will leave the decision on how best to use that money to the Jobcentre Plus district manager.

In some instances—this may be the case in Middlesbrough—the decision might be made to continue the work of the action team for jobs work which my hon. Friend believes is so effective. I hope that district managers will properly consult local representatives and other stakeholders, but allowing that discretion at local level is the beginning of the decentralisation in the use of resources that I want to see. That is the most effective way to have an impact, particularly in an environment of tight financial constraints.

The sum that we are talking about is probably in the region of £90 million over the two-year period. The resources are generous; we are not cutting the programme. We will just try to learn lessons, decentralise decision making, and then leave things for the local district managers to decide. What happens in Middlesbrough will not be my decision; it will be the district manager's decision. He is closer to the ground, and he will make more effective decisions.

I hope my hon. Friend agrees that what matters is not the programme itself; it is the work that that programme undertook. We want to maintain that and to learn from where it has been effective. It has been more effective in some areas than in others. We need to engage with those areas where it has been effective.

The aim in respect of this very difficult group of people who have never really thought about work before is to reach out to them and to bring them into the labour market so that they can enhance their lives and contribute to the local and national economies. That is groundbreaking. Letting many flowers bloom in different areas is a good way of moving forward.

We are determined to tackle worklessness. I know that that also underpins my hon. Friend's concerns about what happens in his area. We also want to ensure that, through the use of our resources, we provide greater opportunity for all. The right to work is as important as many other civil rights that we have all been pursuing in our various guises throughout our working lives. Work gives one not only the wherewithal to sustain oneself and one's family, but a network of friends. It also ensures that within a community and a circle, a person has status and purpose. That gives them a sense of value and contributes to the strong community that we know makes for a better Britain.

Special Needs (Somerset)

4.55 pm

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I am delighted to have secured this debate, on a very sensitive and important issue that affects us all.

The very term "special needs" places pupils and their parents in a separate category with labels all of their own, not all of which are complimentary. They are different—they did not mean to be different, but they are. People with special needs do not automatically slot into any mainstream. In the textbook of education, they are unfortunately classed as not normal, which is a harsh thing to say. Special needs covers a multiplicity of factors that can influence a child's schooling at all stages, levels and ages. Some children may be struggling to overcome dyslexia, as I am. Quite often, their home life is also strained in many ways.

Disabilities of mind, body, behaviour, upbringing and spirit can all qualify for the strange status and mythical term "special needs." Society, with commendable politeness, puts every person with special needs, including myself as a dyslexic, down as "challenging people," which is a difficult term.

In Somerset, we owe a great debt of gratitude to the dedication and professionalism of the men and women who run the county's education service, especially Jon Rose, who heads it, and Mike Turner, who looks after all special needs teaching. They are two exemplary people. Without their efforts, special—or, dare I say, challenging—people would require something extra from state schooling and could be considerably worse off. I have no gripe with the specialists and staff at the sharp end, but—there is always a "but," as the Minister knows—I have a real concern about the financial decision making at local and national level. That is why I asked for this debate.

The town of Minehead in west Somerset is probably best known for Butlins—it has the largest Butlins—buckets and spades, normally in that order. However, for a resident of the town with a child who fits into the category of special needs, there is a wonderful facility available at the Minehead first school, an excellent school that has recently had a top-flight report. The question is, how long will the accountants allow it to stay? Rather like what is happening in the NHS to cash-strapped hospitals desperately trying to balance their books, the money for special needs seems to matter more than actually meeting the needs.

Somerset county council plans to close six special needs units. When I say the county council, I mean the elected leadership. It is unfortunately a political plan. The people who will be left to make it work will do their utmost to stretch resources and to provide as much care as they can. If they fail, what transpires will lie squarely at the feet of the elected councillors.

Minehead is not the only place that will be seriously affected by the new policy. However, it typifies the geographical layout, unfortunately, of much of the county of Somerset. I wonder whether the Minister has ever been to Minehead.

The Parliamentary Under-Secretary of State for Education and Skills (Maria Eagle) *indicated dissent.*

Mr. Liddell-Grainger: The Minister shakes her head; I urge her to come, she would love it. I would supply her, if she likes, with good maps and a list of useful items that she should bring, such as buckets and spades. She should certainly look around the area.

The point that I am trying to make is that Minehead is a long way down a meandering and overcrowded road. It is a long way from anywhere else. It is not easy to get to and public transport already leaves an enormous amount to be desired. The sheer distance between communities makes the provision of all educational needs much more arduous and extremely financially complex. If facilities in the six special needs units are withdrawn, the consequences are obvious: either the children will physically have to travel further, or the specialist staff that remain in the schools will have to make longer journeys instead. For society—for all of us—either course carries a high price.

I am told that the proposed solution for Minehead will be a small specialist unit based within the area, possibly at our college or middle school, and the staff will have a remit to travel around the different schools in the area—to give the Chamber some idea of the scale, London fits easily into west Somerset—as a sort of flying squad of educational specialists. It sounds workable at first, I agree, but there will probably be only four specialists, who will all have to spend several hours a day simply getting about. The sums do not seem to add up. The time for being with each child will be more and more limited.

I am concerned mainly as the Member of Parliament who represents west Somerset and Bridgwater, but I have always listened with great interest and reasoned care to organisations of parents who have children at special needs units in Somerset and who are trying to protect the existing services. I pay tribute to their determined stance. Let me quote briefly what they have written about the proposed change. They say:

> "It will undermine the educational opportunities of children, and take away an important element of communities. It will weaken the educational provision for children with special needs.
>
> We are not against willingness to change, or value for money—we are against a half-baked plan being pushed through a half-baked process at great expense and without any sense of direction.
>
> We oppose this plan because it is stupid and the work of a bully who refuses to engage with the communities she is undermining."

Those are strong words from the parents of children with all manner of behavioural and other disabilities.

The bully's name is Councillor Gloria Cawood, who holds the education brief for the county of Somerset. She has apparently accused the parents of self-interest, as though the provision of special needs was like building a new housing estate. She has not put it so brutally, but I think that she thinks that those people are nimbys in their crudest form. Politicians, we all know, do not always hit it off with pressure groups, but they ought to go out of their way to be careful when it comes to dealing with the parents of children with special needs. Such parents do not form a pressure group in ignorance. They are informed and well aware of how complex the issues are, and as they have to deal with children with special needs every single day of their lives—they live with them, they are their children—they understand the cost and, quite often, the pain. They are always the first to praise the professionals who help, without a shadow of a doubt.

[Mr. Liddell-Grainger]

Mrs. Cawood has made some very influential enemies. I understand and accept that the Minister holds no responsibility for Somerset county council, but I hope that she will join me in wishing an early end to the misunderstandings that have arisen and a beginning to sensible discussion. Only by dialogue can the problems be resolved to the benefit of those children.

Unfortunately, the hon. Member for Taunton (Mr. Browne) cannot be in the Chamber because of other priorities in the House. However, he has been in contact with the group whose views I have just quoted. He told me that he has penned an open letter to the county council voicing his concern as the Member of Parliament for Taunton. I am delighted that he has finally got off the fence—rah, rah! I would have liked him to have made a contribution, but unfortunately he cannot. He does, however, realise the importance of helping the children at all levels.

Perhaps it is because special needs span such a wide range of human difficulties that we politicians are guilty of trying to avoid the issues. The more we look at the subject, the bigger the problems seem to become, and, as the Minister knows, the more money they cost to tackle. Our system of distributing resources is seriously flawed. Governments of any persuasion provide cash to local education authorities and prefer not to be involved unless something goes badly wrong. We have all had experience of that in our constituencies. The fault is almost always somebody else's and unfortunately the buck never stops.

Th. Minister will probably regale the Chamber with details of the generosity of her Administration. That is fine. bit I have little doubt that more money is still needed, not only for Somerset but throughout the whole nation, especially in rural areas, given the great distances and problems that they face. So many people choose to ignore or do not understand the issue of rural deprivation. Perhaps other counties argue their cases with more fervour and get a bigger slice of the available cake. I do not know, but surely more resources are needed for everybody—surely an issue as complex and sensitive as special needs deserves and should receive a more flexible approach.

Right now about 90 children in Somerset are deemed to require such special needs help that the county has to export them to get it. Those 90 children go to neighbouring counties at Somerset's expense. However, the numbers are similar in most English counties; for example, Devon sends Somerset some of its own children and Somerset thus recoups precious cash. That is the norm. If special needs provision is to be left to the counties to administer, surely that is an odd manifestation of best practice. I am not saying that it should not happen, but I wonder why it does and would be interested to hear the Minister's comments on that.

My investigations into this complicated area of policy have local and personal origins. Dyslexia runs in my family. I have two dyslexic daughters and I have made it my business to seek the best specialist advice available. As a parent, I have consulted Britain's foremost authorities on special needs. When I met one of the three most renowned experts in the country, of whom I believe the Minister is aware, I was very surprised to learn that none of those three had discussed special needs with any Minister; in fact, they have never been to the Department to talk about the overall picture of special needs.

Given that Professors Ricky Richardson, David Skuse and Richard Kitney are among the three best brains in the country when it comes to assessing special needs and advising on treatment, that lack of contact is a serious oversight. I ask the Minister whether she would be prepared to extend an invitation to those three gentlemen so that she can talk to them about the future of special needs—not merely in relation to me or anyone else, but in relation to the whole country—to ascertain the best way to help special needs children. The children must always remain the priority.

My purpose today has been to highlight the real concern in my constituency. It is the pressure on the country and the problems that lie ahead for professionals and parents alike that are the cause of my concern. I would be delighted to do what I can to help the Minister reach a decision on the best way to help children throughout the United Kingdom.

5.10 pm

The Parliamentary Under-Secretary of State for Education and Skills (Maria Eagle): I congratulate the hon. Member for Bridgwater (Mr. Liddell-Grainger) not only on obtaining the debate, which is on an important subject—especially so in his area at the moment—but also on the way in which he set out his concerns. I share his objective of securing better outcomes for children with special educational needs in Somerset, given that I used to be Minister for disabled people. I would prefer to call children with special educational needs disabled children, because they equate to that similar group.

It is unfortunate that some recent debates on the subject were based on a fundamental misconception of Government policy, particularly in relation to special schools and special provisions. I assure the hon. Gentleman that it is categorically not the Government's policy to close special schools or to force children into mainstream education irrespective of their needs, their parents' wishes or of any support that they might receive.

The hon. Gentleman mentioned politics, and I know that in some instances local decision makers have resorted to alleging that they are driven by pressure from elsewhere. When one looks at the legal powers, one can see that the argument is not sustainable. None the less, it can gain currency. It is not the Government's policy to have inclusion at all costs. However, it is our policy to ensure, when suitable, if the parents want it and if it is likely to help, that disabled children should have access to mainstream education in greater numbers than in the past, when it was too easily assumed that separation was best. As a consequence of such policies, many young disabled children did not receive the quality of education that they deserved, and it set them off in life with a disadvantage that was hard to overcome.

Some argue that inclusion has gone too far. However, although the number of special schools has declined over recent years, the number of children taught in them has remained broadly constant at around 1.2 per cent. of the total school population. Everyone in the Chamber believes that it is the quality of the child's

educational experience that is important, and not where they are taught. Children can thrive in different settings, even at different times of the day. There is nothing wrong with having specialist provision in a mainstream setting where, if suitable, children can switch between one and the other, but it depends on the individual needs of the children and the capacity of those settings to meet such needs. There is no dogma: we want what is best for children. The hon. Gentleman made it clear that that is what he seeks.

Our policy, clearly stated in our long-term strategy document "Removing Barriers to Achievement", is to build capacity across the system by encouraging local authorities to develop a continuum of provision through building the capacity of mainstream and special schools to cope with that range of needs, co-locating special and mainstream schools when sensible, and promoting collaboration between schools in order to share expertise.

As has always been the case, changes will continue to be made to individual schools, both special and mainstream, in the light of local needs and demands. Local authorities and schools are best placed to respond to the needs of pupils within their area. It would not be sensible for me to spend my time sat at a desk in Whitehall making decisions about school reorganisations in Somerset or anywhere else. We do not want to return to that way of doing things.

Thinking about what is best for children is what I assume is going on in Somerset. I assume that that is what is behind the plans for reorganisation in other places, too. I emphasise, however, that the Government's aim is to improve outcomes for disabled children; it is not to marginalise or ignore their needs, nor is it to use reorganisation as a way of making provision worse. Plans that emerge, although being locally determined, should demonstrably make improvements and should make things better for disabled children.

The hon. Gentleman may well be aware that, from December this year, all public sector bodies, including local authorities and schools, will come under a duty to promote the equality of opportunity of disabled people generally, including disabled children. Proper chances at school will be a key part of those bodies being able to demonstrate that they are fulfilling that duty, which is being brought in under the Disability Discrimination Act 2005.

The hon. Gentleman suggested that I might talk about the great generosity of the Government in terms of increased funding. I am obviously extremely predictable; I was going to make brief mention of the fact that there has been a big increase in funding. There is no doubt about that. Certainly, between 1997–98 and 2003–04, there was a big increase in extra funding for special educational needs, both in per-pupil terms and overall through specific special grants. Between 2001–02 and 2005–06, the spend went from £2.8 billion to £4.1 billion, specifically in respect of special needs, and there has been an increase of £360 million through special grants. Somerset has had its share of that; its increase is just slightly under the average.

So there is no doubt that there has been more money, but in the current spending review there have also been additional opportunities through the "building schools for the future" programme, which is worth more than £2 billion a year. That provides a stimulus and investment for local authorities so that they can transform the pattern of local provision for children with special educational needs and disabled children and put particular emphasis on co-locating mainstream and specialist provision for children with special educational needs.

I hope that the suggestions being made in Somerset will lead to an improvement in outcomes for disabled children; that is what the authorities ought to aim to do. However, it is a matter for local decision. As is the case with the hon. Gentleman, my local council does not happen to be under the political control of the party of which I am a member, so there can be substantial debates locally about issues such as schools reorganisation. Of course I agree absolutely that we should listen to parent pressure groups because they really are the experts, and know on a day-to-day basis the precise impact on individual children of what can sometimes seem like bureaucratic and process-based changes.

On the decision in Somerset, I think that the council has decided to make the changes. It has gone with option 3, I think, which will mean something to people in Somerset. It will now have to justify that, via the process of the school organisation committee, which has a decision-making capacity. If there is no consensus—it does not seem that there is, from what the hon. Gentleman said, and from what I have been told—the independent schools adjudicator will make the final decision.

I hope that everybody concerned in the area will look to improve outcomes for the disabled children who will be affected and their parents. That has got to mean listening carefully to what parents have to say, although it does not necessarily mean acceding to everything that they suggest. In that respect, I endorse the hon. Gentleman's call for sensible discussion locally. That has got to be the next step, now that the council has decided what it wants to do on the basis of its various options. There has to be even more consultation and proper listening, so that parents feel a part of the process and that their concerns have been listened to, and if the council is to assuage their fears. They can then either agree with, or at least understand, what it is trying to do through the changes that it proposes.

The hon. Gentleman suggested that the buck never stops, because central Government send money out and say, "Don't ask us to make a decision. Here's the money. You sort it all out. We want these kinds of outcomes." I think that the buck does stop; it tends to stop in local elections. When the power to make such decisions is at a local level, it is clear where the accountability lies. I am sure that at some stage the local electorate will decide whether whatever emerges from the proposals for change has worked. That is as it should be; the decision should be with the local electorate. I am sure that at some stage the parents will be able to make their views known in a highly effective way that makes politicians listen.

Mr. Liddell-Grainger: I do not disagree with the Minister. One problem, as she is aware, is that there is now a press blame game. The press are leading the agenda; they are pushing it forward. The Minister is right, but does she agree that we are talking about the most vulnerable parents, who do not have time to get

[Mr. Liddell-Grainger]

involved in active politics because looking after the children for whom they are responsible—as we all are—takes up so much time on a day-to-day basis?

Maria Eagle: It sounds to me as though the parents are already involved in active politics, given that they have been seeing their local Members of Parliament from all parties and garnering support. That is my definition of some active involvement in local politics. As those who perhaps have more expertise, the parents would be listened to carefully by all local stakeholders. Some councillors and officials—I am not pointing fingers at particular people; I do not know any of them—may wish that the parents were a little quieter, but consultation and discussion locally is about listening as well as talking.

Between all sides, the matter will have to be resolved and one hopes that that will be done in a way that satisfies the vast majority and that there will be consensus. Certainly the hon. Gentleman and I agree—I hope that many people in Somerset, including parents, also agree—that the outcomes have to be better for the disabled children receiving teaching and support in the units proposed for closure. My understanding is that a significant transition period is proposed between now and when the closures are due to come into force. That helps, but clearly those making the proposals will have to do more convincing for stakeholders to accept them fully.

When I had a look at Somerset's reputation and its Ofsted reports, I saw that there were encouraging things to be said. I accept that Somerset's last Ofsted report was in January 2002 and so predates by some significant time the proposals that we are discussing. None the less, it is clear from the reports that there is some good practice and provision and that there are good arrangements to build on, which is encouraging. That must be a positive thing. We want better outcomes for all disabled children locally, but Somerset is not starting with a blank slate.

The hon. Gentleman said that more money was needed for rural areas. I hope that I have convinced him that there is more money. It sounds to me as though what is needed now is good old-fashioned negotiations and discussions among all the parties. I am sure that he and hon. Members of other political persuasions will be involved in ensuring that that process is as successful as possible. I hope that, as a result, the decision that is implemented and the arrangements that are finally made will do better by the children in the units proposed for closure. That is the bottom line. In no way would the hon. Gentleman, the Government or anyone else in this Room endorse any changes that made things harder or worse for disabled children. We want improved outcomes. The policy of the Government and the extra money that has been sent down to localities such as Somerset are clearly aimed at improving outcomes. We have to aspire for all our children and we do. I am sure that many people in Somerset apart from the parents do just that as well.

I note that the hon. Gentleman has family experience of dyslexia. He made points about experts who are around somewhere—in the Palace, as I understand it.

Mr. Liddell-Grainger: They are at Great Ormond Street and are probably three of the most distinguished experts in the United Kingdom. They work within London right across the spectrum of special needs.

Maria Eagle: The hon. Gentleman says that we are talking about a spectrum disorder and he knows better than I, because of his experience. Tackling spectrum disorders forms an important part of the Department's work in respect of moderate learning disability. We try to garner expertise and use it where we can.

In that regard, I am happy for my officials and, if there is a sensible point to it, for me to meet the people that the hon. Gentleman suggests. We have some links at departmental level with those who deal with dyslexia—for example, the British Dyslexia Association, with which he might be familiar. We funded the production of its resource pack for schools called "Achieving dyslexia friendly schools". Somerset is one of the better counties in that regard.

It being twenty-six minutes past Five o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Thursday 20 April 2006

[MR. GREG POPE *in the Chair*]

Forensic Science

[Relevant documents: Seventh Report from the Science and Technology Committee, Session 2004–05, HC 96, and the Government's response thereto, HC 427, the First Special Report from the Science and Technology Committee, Session 2005–06, HC 427.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Watts.]*

Mr. Greg Pope (in the Chair): I call Dr. Gibson.

Dr. Ian Gibson (Norwich, North) (Lab): It is the hon. Member for Harrogate and Knaresborough (Mr. Willis) who should speak first.

2.30 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): I am sorry to disappoint you, Mr. Pope. None the less, I thank you for your inspirational chairmanship at the beginning of our sitting and welcome you to the Chair. I look forward to what should be an interesting debate on the issue of forensic science on trial.

I am delighted to open the debate on our predecessor Committee's report, which was published in March 2005. I pay tribute to the Committee, and it is good to see at least three of its members here today. The report is wide ranging and thought provoking and covers an area of science that has an increasing fascination for almost all parts of society.

The report was one of the first that I read when I became the Committee's Chairman after the last election, and it brought home to me the enormous contribution that science and technology make to fighting crime. It also emphasised the tremendous benefits to be gained from strengthening the relationship between practitioners in science and the law. Given it's importance and relevance, the Government's response was, to put it mildly, patchy. Indeed, despite being composed of newcomers to the subject, the new Committee was so disappointed by the Government's response to the recommendations on the use of scientific and expert evidence in courts that we decided to hold a follow-up sitting on it with Ministers in November 2005.

It took a little gentle persuasion to get the Minister of State, Department for Constitutional Affairs, the Attorney-General and the Minister—although he was willing—to come along at the same time to talk to us. However, we were honoured to have the undivided attention of that august triumvirate and we were not disappointed, because our proceedings were very fruitful, and I thank the Minister and his colleagues for engaging so constructively in an absolutely superb sitting. I should also like to think that we did our bit for joined-up government by getting the three of them together to talk about forensic science—apparently for the first time. I have no doubt that they were all up last night preparing for this debate and discussing the merits of how to respond. It was great to see them.

My task today is to provide an overview of the key themes in the report, to give a brief update on relevant developments and to highlight some of the issues that remain to be addressed by the Government. I am sure that my colleagues on the former Committee and the present Committee will want to expand on the topics that I raise.

The first issue is the changing status of the Forensic Science Service. The Government's decision to develop the service into a Government-owned company, or a GovCo, with a possible progression to a public-private partnership thereafter, has been a source of great controversy. On the one hand, there is enormous and understandable concern about the implications of the possible privatisation of the country's leading provider of forensic science services. On the other hand, competitor providers, such as the Forensic Alliance and LGC, are frustrated at what they see as the lack of a level playing field as regards competition for forensic science services, particularly where police forces are involved.

The predecessor Committee took the Government to task over their handling of the transformation process, calling the presentation of the decision "misleading and confusing" and highlighting the need for greater transparency and accountability. It simply cannot be right for the Government to set the criteria by which the FSS GovCo will be assessed, then, as the sole shareholder, to assess whether those criteria have been met and then to influence the management of the FSS during the transition. That process must be wrong. We welcome the Minister's recent publication of the criteria used for that assessment, as requested in the report, but there is still room for greater independent oversight of the process.

The report was clear that the GovCo should not be set up to fail. It must be given the chance to succeed in its own right and must not be just a transitional step to a public-private partnership. I warmly welcome the Government's recent commitment not to make any firm decisions about the future of the FSS until summer 2007, but I urge them to extend that commitment, if at all possible. The FSS GovCo should be guaranteed a minimum two-year trial period in which to prove itself and to ensure that it has a realistic chance of success. The PPP should not be an inevitability, and I hope that the Minister will give us an assurance on that today.

I hope also that the Government will do the right thing by FSS staff, who have made a fantastic contribution to the fight against crime. Uncertainty about the organisation's future has hit staff hardest. The Minister gave us a confused picture of the provisions being made for the transferral of FSS staff pensions to the new scheme when the issue came before the Committee last year. As I think he will recall, he first promised the full continuation of the existing arrangements, but later withdrew that commitment. I hope that he has been clearer in his communications with the staff than he has been with us, and I look forward to a clear statement from him today about the pension arrangements for FSS staff who have transferred into the new GovCo. The Government must

[Mr. Willis]

do their utmost to ensure that the FSS remains an attractive employer, because it is far too important a national asset to be allowed to fall into a state of decay.

The report also argued that the need for an independent regulator is becoming ever more critical at a time of transition in the forensic science market. The Committee recommended that the Government establish a forensic science advisory council to oversee the regulation of the forensic science market and to provide independent and impartial advice on forensic science. The Government accepted the broad thrust of that recommendation and promised to consider it in their review of the forensic science services market, but we got the impression that they were not keen on setting up a new body. I think that I speak for the past Committee and the present Committee when I urge the Government to take the issue seriously. We have already seen the merger of two major competitors to the FSS—Forensic Alliance and LGC—and further mergers or takeovers in the forensics market could lead the service into uncharted territory. It is essential that the Government have continued access to independent, impartial advice and that we maintain a strong forensic science base in the United Kingdom. Will the Minister give us an update on those issues?

On the challenging issue of the national DNA database, the latest figures indicate that in 2004–05 alone, 40,000 crimes were detected with the aid of DNA intelligence matches. DNA profiling is without doubt a key weapon in the police armoury against crime, but the national DNA database could be described as a double-edged sword. Recent figures published by the Home Office show that police in Britain hold significantly more DNA samples than police in any other country. There are more than 3 million samples on the national DNA database, accounting for more than 5 per cent. of the population. That compares with 1 per cent. in the United States and an average of 0.3 per cent. in other European Union countries.

Not surprisingly, there have been accusations from various quarters that profiling represents a dangerous erosion of civil liberties. We know that certain ethnic minorities are over-represented on the database; indeed, some 24 per cent. of people on it are non-white, even though only 8 per cent. of the population as a whole is black or Asian. A recent article in *The Guardian* suggested that the DNA of 37 per cent. of black men in the UK is now stored on the database, compared with 13 per cent. for Asian men and 9 per cent. for white men. Ministers cannot just repeat the mantra that innocent people have nothing to fear from the database, because evidence clearly shows that there is an ethnic bias in the profiles that are stored. We must counter the perception that the Government and the police are using stealth tactics to secure information without justification. Such perceptions provide a breeding ground for suspicion, and they create the potential for a backlash against the technology. Perhaps the Minister will explain what the Government have done to address the risk that is posed to public perceptions of the criminal justice system.

Michael Fabricant (Lichfield) (Con): Was the hon. Gentleman as alarmed as I was to learn through a series of questions tabled by my hon. Friend the Member for Welwyn Hatfield (Grant Shapps) that there are a number of minors on the DNA database? Although it may become proper practice to keep innocent people's information on the database, does not the hon. Gentleman agree that that practice ought to be determined by the House, rather than by just keeping on the database people who happened to be there and were then not removed?

Mr. Willis: I could not be more grateful to the hon. Gentleman, who, as ever, is right on the ball. I was just coming to that point. He is quite right, because another major source of contention centres around the revelation that 24,000 profiles of 10 to 18-year-olds are stored on the database, despite them never having been cautioned for, charged with or convicted of any offence. Chief constables retain discretionary powers to order the removal of a profile from the database, and I welcome the decision by the Association of Chief Police Officers to issue guidance about when and how discretion should be exercised.

However, the Government need to consider the wider public concern about the storage of DNA profiles of innocent juveniles—the very point made by the hon. Member for Lichfield (Michael Fabricant). I hope that the Minister will assure the House that he intends to rectify that unacceptable situation and will agree to issue clear guidance to chief constables about the retention of DNA profiles.

The proliferation of forensic science degree courses is one of the most intriguing aspects of the Committee's report. A recent visit to the Universities and Colleges Admissions Service website, which I undertook this week, showed that for September, I could choose from 445 degree courses with forensic in their title. At London Metropolitan university, I could take forensic science with either sports science or consumer studies. Quite what one does with forensic science and consumer studies, I do not know.

Canterbury Christ Church university could offer me a degree in forensic investigation and tourism and leisure studies, or music with forensic investigation. I should not want to suggest, in the words of the right hon. Member for Barking (Margaret Hodge), when she had ministerial responsibilities for higher education, that they are all Mickey Mouse courses. But the massive expansion in forensic science and allied courses has taken place largely without quality control, and the value of some of those courses is, as employers would tell us, dubious to say the least.

The clear message that emerged from the evidence taken during the predecessor Committee's inquiry was that employers wanted students with a good grounding in basic science. They prefer to employ chemistry graduates over graduates of forensic science or its more exotic allied degrees. The message is not getting through to students, however. While the number of forensic science students has rocketed during the past five years, the number taking chemistry declined by 27 per cent. between 1994–95 to 2001–02, and by a further 7 per cent. between 2002–03 and 2003–04. It is a matter of huge concern to the Committee, which is about to publish a follow-up report on the strategic science provision in universities, analysing the refocusing of chemistry at the university of Sussex.

Mr. Brooks Newmark (Braintree) (Con): The hon. Gentleman raises an important point about bringing

students into forensic sciences. My main concern is that there is little joined-up thinking between the encouragement given to students to go into the important field of forensic sciences and the lack of resources going into sciences in general and chemistry in particular. We heard a very poor message from the Government when they responded to the closure of the chemistry department at the university of Sussex and, before that, the closure of the chemistry department at the university of Exeter. I am sure that the hon. Gentleman will agree that those give grave concern to everyone.

Mr. Willis: I entirely agree. When the predecessor Committee considered the provision of strategic science, it made it clear that unless there is a sufficient supply of chemistry, physics, maths and engineering graduates, the whole country will suffer. We have often had that discussion with the Minister for Science and Innovation, Lord Sainsbury of Turville. It is not good enough to say that science is expanding, simply because a course has science in its title. It has to have a basis in basic science to underpin that.

The point that I am making, which the Committee also makes, is that it is great that Amanda Burton and "Silent Witness" have created a huge amount of interest in forensic science; but unless we underpin it with good, basic science, we shall miss out. The Department for Education and Skills and, indeed, the Higher Education Funding Council have a duty to ensure that forensic science courses are up to the mark. A forensic science course without a substantial chemistry component should be thrown out under the trade descriptions act. There cannot be good forensic science without chemistry.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I agree with everything that my hon. Friend has said so far, but does not he agree that the problem with the Government is that they see higher education as a free market? If students want to study a course because they have seen something on television, or for any other reason, that is what universities will provide. The Government do not seem to have any interest in ensuring a flow of students through the courses that this country needs them to study. The Government's only hope is that the BBC or some other channel produce a programme called "Silent Chemist", or something, which is exciting and encourages people to study chemistry. There is no proper public policy or stewardship of public finances, and they are not looking after the future graduate needs of this country.

Mr. Willis: My hon. Friend tempts me into another area, and he knows that it would be wrong of me to start making party political statements. I am sure that the Minister would not appreciate my trespassing on that territory; however, my hon. Friend's point is well made. If chemistry and the other stem subjects are important to the nation, it is important that the Government have a proper strategy to ensure the supply of chemists, physicists, mathematicians and engineers through the system. Perhaps the Minister will respond with what the Government are doing to ensure that chemistry in particular continues to underpin good forensic science in this country.

Mr. Newmark: It would be most interesting to hear from the Minister the joined-up thinking between the Home Office and the Department for Education and Skills. There seems to be no connection between the Home Office's forensic science needs and what the Department for Education and Skills proposes to do.

Mr. Willis: Again, the hon. Gentleman tries to tempt me into an area that I do not want to go into. There is a disconnection between a policy that says on the one hand that certain subjects are of strategic national and regional importance; and on the other, that we can have a market in higher education and a vice-chancellor can say, "It is better for us to have 300 English graduates than 20 or 30 chemistry graduates, because it is cheaper to run their courses." There must be something fundamentally wrong with that system.

The Parliamentary Under-Secretary of State for the Home Department (Andy Burnham): There is nothing wrong with an English graduate.

Mr. Willis: And there is nothing wrong with a philosophy graduate either.

Dr. Brian Iddon (Bolton, South-East) (Lab): That is a matter of debate.

Mr. Willis: The hon. Gentleman tempts me to go in another direction.

Finally, I shall turn my attention to the relationship between forensic science and the courts. There has been a huge increase in the use of forensic evidence. The Forensic Science Service alone dealt with 140,000 cases in 2004–05, and its staff appeared as expert witnesses in 2,500 of those cases. In most cases, forensic evidence is non-contentious, but several recent high-profile trials, including those of Sion Jenkins and Angela Cannings, have hinged on strongly contested evidence from so-called expert witnesses. Clearly, something is wrong with the system. Are juries, judges, lawyers and experts properly equipped to do what is asked of them in such complex cases? I am sure that other hon. Members will want to take up that important question, which needs to be answered by Parliament. Indeed, should there be an alternative to the adversarial system?

When the Attorney-General, Lord Goldsmith, appeared before our Committee last November, he acknowledged that there was room for improvement, but he believed that the adversarial system provided the best safeguard against problems. However, the adversarial system is critically reliant on the ability of lawyers to test the evidence that is presented. Cases such as those of Sion Jenkins and Angela Cannings cast serious doubt on whether that is happening.

The father of DNA fingerprinting and veteran expert witness, Professor Sir Alec Jeffreys, told the Committee during its inquiry:

"I lost my faith in the adversarial legal system the first time I stood up in court".

[Mr. Willis]

He was pointing to the fact that the charisma or presentational skills of the expert, rather than the arguments that they present, is the key factor in influencing a jury.

The police and the Crown Prosecution Service have also acknowledged the importance of securing the best expert witnesses, making no bones about cherry-picking experts who go down well in court. The Committee even heard that some experts refused to appear in opposition to other experts who were deemed to be particularly powerful in their ability to perform in court. It is astoundingly complacent of the Government to think that that situation is acceptable and leads to good justice.

To be fair, the Attorney-General's new guidance for expert witnesses and the increasing use of pre-trial meetings to identify areas of genuine disagreement between experts before the arguments are rehearsed in front of a jury is welcome, but it does not go far enough. Nor does it address the concerns of many expert witnesses who increasingly feel that it is they who are on trial.

I hope that the Minister will say what steps the Government have taken to restore expert witnesses' confidence in the courts system following the public vilification of Roy Meadow, and to remedy the shortage of expert witnesses willing to give evidence, particularly in the paediatric specialities. My hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris) wishes to catch your eye on that issue, Mr. Pope.

I shall deal with the input of scientific evidence into the legal system. It is up to the judge to determine whether an expert witness is needed, whether an expert is suitably qualified to give evidence and whether an expert is straying outside their area of expertise under questioning in court. However, the Committee found that training given to judges on forensic evidence was sporadic and far from comprehensive. Furthermore, there is no compulsory training for lawyers in forensic techniques. It is therefore easy to see how serious mistakes can be made in dealing with expert evidence. Professor Sir Alec Jeffreys told the Committee of the tension created by the

"fundamental gulf between the philosophy of science and the philosophy of law".

Michael Fabricant: The hon. Gentleman mentions a witness who gave evidence to the Committee. Earlier, he mentioned that the Government ask what concerns innocent people should have if they are on the DNA database, yet the same witness pointed out that there can be inaccuracies, albeit that that is highly unlikely, with a 10-marker system. He recommended that there be a 16-marker system for DNA. Does that not demonstrate the hon. Gentleman's point? Lawyers and, indeed, politicians are often unable to take into account the probabilities or possibilities of evidence being accurate or inaccurate and the evidence or possibility of certain things happening or not happening. Those assessments are often not able to be calculated.

Mr. Willis: I am grateful to the hon. Gentleman and I am sure that he will elaborate on that point when he makes his contribution. There are two fundamental problems. The first relates to the evidence. Clearly, there will be different interpretations of the forensic evidence. Fingerprints are a classic example. Professor Sir Alec Jeffreys made that point, which is why there was a recommendation to go to significantly greater numbers of markers. Forensic evidence techniques are developing and becoming more sophisticated all the time. That is one area in which there can be a genuine division of opinion between expert witnesses.

The other point is about the ability of a judge and particularly of leading barristers to be able to interpret the expert evidence being given and to present it to a jury. That is the second area of concern on which we are trying to get the Government to act. Professor Sir Alec Jeffreys makes a serious and worrying accusation.

The Committee recommended creating a science and law forum to promote mutual understanding between scientists and lawyers and to enable scientists to have greater input into the legal process. We still await a response from the Government on that. The Minister promised to write after the evidence session in November, so we look forward to hearing his comments today.

The Committee was critical of the absence of an agreed protocol for deciding whether evidence generated using a particular scientific technique is scientifically valid. That is the point to which the hon. Member for Lichfield alluded. I ask the Minister whether it can be in the interests of justice that a judge, with no scientific training, has responsibility for deciding whether to admit complex scientific evidence. That is a real issue and I hope that when the Minister responds to the point, he will contemplate carefully what has been said. There is not a scientist in the land who would not, if he wanted legal advice, go to a good lawyer, but the reverse does not seem to be the case. Surely the UK should have a gatekeeping test for expert evidence to provide a more independent and scientifically based means of making such decisions. Perhaps the Minister will give us a definitive response today to that recommendation.

Even if the Committee's recommendations about the training of the judiciary and trial barristers were accepted, the question whether trial by jury is the best way to obtain justice in cases involving complex and contradictory forensic evidence must be addressed. Most of us consider trial by jury to be sacrosanct, and with good reason. However, key players in the system have started to question publicly the wisdom of current arrangements.

The chairman of the Criminal Cases Review Commission, Professor Graham Zellick, recently said of the complex and conflicting evidence given in shaken baby cases:

"I would be profoundly unhappy to come to firm conclusions on those sorts of conflicts of evidence".

Where does it leave the average juror if a man of such prominence makes that statement? As Professor Zellick points out:

"The fact is we are now asking juries to decide things for which they were never designed".

The Committee did not advocate following the route of complex fraud trials, but it recommended that the Home Office should undertake research to understand

how juries respond to complex scientific evidence. The Contempt of Court Act 1981 forbids jury research, and the Government recently squandered an opportunity to amend that Act to make provision for jury research. Relying simply on hearsay to determine whether the system is working is not good enough. We need to understand how complex expert evidence impacts on a jury and to find the best ways to help juries to undertake their task.

It is surprising and regrettable that a Government who claim to be committed to evidence-based policy making have been so reluctant to gather data in that area. The Government need to have the courage to ask whether trial by jury is always the best means of securing justice. An exception is already made for lengthy and complex fraud cases because the burden on the jury is seen to be unreasonably great. Why should the same principle not apply to other complex cases? If the Government have set their mind against going in that direction, surely they must explore alternative measures to assist the jury in its task. Professor Zellick has argued that a judge supported by specialist assessors should hear the expert evidence and then direct the jury on its implications. Other possibilities include the use of specialist lawyers or judges.

This issue will not go away. Forensic science is not only here to stay, its capabilities will increase as it spreads into new, even more complex areas. The system already shows strain in cases where views of forensic and medical experts are pitted against each other, and things will only get worse. How confident is the Minister that the criminal justice system is equipped for the likely rise in the number and complexity of cases that rely on forensic evidence?

It would be wrong to be alarmist about the scale of the problem, especially as the Government's aversion to research in this area means that we do not have any reliable data on how widespread problems with expert evidence are. It was interesting that Lord Goldsmith's decision following the Cannings trial to review all infant death cases resulted in only three being referred to the Court of Appeal. That said, the cost even of isolated failures could be extremely high: the financial cost of retrials can be significant—it cost £10 million to retry Sion Jenkins—and the human cost can be immeasurable, but perhaps the most important cost is the damage to public confidence in our legal system.

The Home Secretary recently seemed to acknowledge disadvantages in the UK adversarial approach, as compared with the French inquisitorial-style system. I understand why the Government might not have the appetite for wholesale reform of the legal system, despite their enthusiasm for public sector reform, but they have a duty to take seriously the concerns that we raise.

I wish to thank my predecessors for drawing attention to such a critical issue through their report. I thank the Ministers who came before the Select Committee last November and acknowledged the role that it had played in catalysing dialogue between Departments. It is all too easy to underestimate the role that science plays in the criminal justice system, as was, perhaps, reflected in the non-existent profile of the Home Office chief scientific adviser during the Committee's inquiry. We hope that in future science and scientists will be able to take their rightful place in discussions. I look forward to hearing the Minister's reply.

3.2 pm

Dr. Ian Gibson (Norwich, North) (Lab): First, may I make my apologies for having to leave before the sitting finishes? Ironically, I shall be comparing the role of Select Committees in this Parliament with their role in the Canadian Parliament, which draws on scientists and others, and in the United States, which has Congressmen and senators. The meeting is in Sussex, so I have to get down there to explain just how good this Select Committee is and has been.

This is another excellent report. It has fanned the flames, or lit the fire, on many issues. The Committee's position was established with the open access inquiry. I noted yesterday that the European Parliament said that we were spot-on in making all information accessible to people. That has put mud in the eye of Reed Elsevier and other publishers that believe that they are the only organisations that have the right to publish things.

The Committee has also done some sterling work on international development by showing the role of science and technology in the developing world. The Department for International Development discovered at a Committee sitting that the need for scientific advice was staring them in the face and appointed an adviser—that was probably the first such incident but hopefully not the last.

I wish to speak generally about forensic science, which involves many different individuals and agencies in research and development and in promoting understanding of the role of forensic science in the criminal justice system. Different agencies and people working together is probably the hardest act to follow—one has only to ask Sir Alex Ferguson about melding 11 supremely talented individuals into one unit. We should not be too unhappy with suggestions that that will not happen immediately and that it will take a great deal of work. That certainly is the case in this field.

Forensic science is an ever-expanding area, as we have just heard. Many private and public bodies interact with the political process: the Home Office and its Forensic Science Service, academics, research students, scientists, medics, social commentators trying to unravel the details of scientific investigations of crime, and educational and judicial practitioners. It is a busy, high-octane field and very difficult sometimes to unravel.

The report has made a dent in the situation and illustrates the problems, which are being spoken of in professional societies. Last summer, I journeyed to Lincoln to speak about the issue at a conference of forensic practitioners. The meeting took place on the day of the London bombings, and the people there knew immediately that it was not an electrical fault that caused the disastrous events that occurred one after the other. It was interesting that some of them disappeared because they had to help out with the analysis of the situation.

The report will be debated by practitioners at two other high-octane meetings, at which the Home Office will be represented. That is the level of seriousness with which the report is being taken, and the Committee—the previous one and this one—should be congratulated on its work.

Forensic science does more than provide science and technological evidence. I want to spend a few minutes on a high-profile case that was illustrated in *The Guardian*

[Dr. Gibson]

this week. We have heard how blood spattered on to clothes in the Jenkins case. The question was not just that blood came from an individual, and therefore the accused was guilty, but how it got there, and how it was identified at the scene of the crime whether it got there by, for example, exhalation. One must consider every aspect and not just make the obvious assumption. It is a difficult arena.

I know well the case of O. J. Simpson, the famous quarterback. Footprints and forensic and other evidence were against him, yet, in the eyes of many people who thought that he must be guilty, he managed to escape the system.

The case I want to illustrate is one that happened in Kilmarnock in my home country, Scotland. A police constable was accused of murdering a woman. Her fingerprint—I believe that it was a thumb print—matched a mark on a windowsill inside the house, according to the Scottish forensic fingerprint division. The PC, who was 35 at the time, protested her innocence. She said that she had never been in the house and worried that she might have been sleepwalking or that she had handled the wood that was used to make the windowsill. Through an internet site, she managed to contact two American experts who came to Scotland, looked at the two fingerprints and immediately said that they were not from the same person. One had been amplified, and there was a little correlation, but they were not the same. That PC's life has been destroyed, and now a famous QC in this country is calling for a public inquiry into the organisation in Scotland that carried out the test. Nobody suffered for it; no blame was attached. As we heard, the feeling of confidence, which is affected by high-profile cases, is important.

As I know from science and technological matters, one needs only one piece of bad evidence, or one media story, to destroy a whole field of study. A case such as that one could set back many years the studies that are being done in forensic science, which I shall discuss later.

Incidentally, the person who was subsequently charged and put inside also got off on the basis that, on second examination, the fingerprints were not exactly the same. That was another irony in the case.

The woman was given £750,000. The question must be asked whether she would have received compensation if the grounds for compensation were reviewed. I believe I understand, but I am not sure that the public do, whether offering evidence in an appeal that the fingerprints were not the same would allow compensation to be paid.

I use that case not as an example in the dramatic sense favoured by the media to illustrate that the system is rotten, but to get the message across that it is necessary to be absolutely impeccable. The practitioners who carry out the work must have confidence that they have the support of the system, and should not be pressurised for particular results at a particular time just to please someone in high places. People will know what I mean when I say that.

Scientific forensic evidence is not everything; the interpretation of it is another factor. When considering the probability of something happening, it is always possible to find two people who will argue about that probability. That is no exact science either. I have just been involved in a case of oesophageal cancer in Norfolk, in Norwich, and Sir Liam Donaldson tells me that the numbers are no good for the broad statistical analysis we have. We have to go to Imperial college, which will carry out a small-level statistical survey. It is quite a sophisticated process considering cadmium exuding from aeroplanes and how biological agents may traverse a county to cause oesophageal cancer. To find out that sort of epidemiological stuff means a lot of argument about probability and requires a lot of correlations. To me, such scientific and technological evidence never seems as pure as people often believe it to be.

There are serious implications for court cases. Questions about accreditation and quality assurance are mentioned in the report. If we are to raise public confidence, we must know that such processes are being considered. We must remember, too, that a Select Committee can do only a certain amount of work in a certain amount of time in a complex field and I am sure that it would not pretend to have all the answers.

It is important to build a reliable, independent service where people are not pressurised, but are credited, given time to look at things and unstressed. They must be able to gather evidence to make a fair assessment and judgment of what might have happened at the crime scene or wherever. In this country, my model is that of the Food Standards Agency. Yes, it is criticised a little, but its independence and ability to stand up, give evidence and say what it thinks independently without interference is extremely important. It might be a model for us to take into consideration.

I am also thinking of all the different experts, expertises and professionals involved in such analysis. For example, there is not just one type of chemist, as my hon. Friend the Member for Bolton, South-East (Dr. Iddon) knows—there are analytical chemists, physical chemists and synthetic chemists, all of whom can be involved in a particular crime scene analysis. Medical students, cell biologists and biochemists, such as Sir Alec Jeffreys, or companies that they own will be involved. Anyone who tries to get all those people to agree on anything deserves a Nobel prize in their own right. It may be necessary to talk to people at Porton Down, or experts in photonics integration—I shall not go into all the technical details. At Ipswich, they have photonics integration experts, as they do in Slough. I did not know this until recently, but they are involved indirectly in analyses of things at crime scenes.

Samples travel very slowly from here to there to be analysed, and we are moving fast as regards the practicalities of that situation. My gosh, DNA-based analysis has revolutionised how we deal with crime scenes and other things as well, such as paternity. It has been very important, but as someone who has been involved a little in DNA analysis in the running of gels, I know it is not 100 per cent. pure art either. It is possible to deploy techniques once, twice, thrice or four times and get different answers each time. In identification situations, people are identified according to three or four bands and sometimes those bands are spurious, but sometimes they are not. The analysis has to be repeated and must be carried out by people who are not continually pressurised to get the result someone might be seeking at that moment.

We are moving to a situation where analysis can be carried out at the site of the crime itself through the use of a chip, sample extraction, amplifying segments and concentration in order to separate the fragments. It is possible to get an answer within about half an hour.

Dr. Iddon: Does my hon. Friend agree that instant on-site analysis has one benefit? At the moment the defence may try to imply that evidence has been contaminated on removal from the scene because it has gone through the hands of various people into the laboratory, or perhaps between laboratories. The same accusations cannot be made of analysis made instantly on the site.

Dr. Gibson: I accept that point and thank my hon. Friend for it. We are not saying that such contamination is deliberate; accidental contamination can take place. I remember that it was necessary to carry out some of these techniques in a microbiology-free atmosphere because one's own DNA could get into the sample and interfere with it without one knowing. A person could simply touch something and a bit of DNA could move out of their body into the sample, messing the whole thing up.

We are talking about an example of multidisciplinary research at its best. Funnily enough, crime has broken the back of the insularity we see in universities. I am not too worried about the million courses that there are in universities because I do not mind if law students are taught a bit of biology. I do not mind if chemists, biologists and law students go through similar courses in different departments. Breaking down the departmental insularity—the ghettoism—in universities is extremely important. Reading between the lines of the Chancellor's recent Budget, I believe he recognised that it is important to do that by making research councils merge and amalgamate their programmes' work. We need to forget about the old words we were brought up with and remember that science has moved on.

The poor judicial system will have to make judgments on the basis of all the complex interactions that are going on, with a widening repertoire of evidence coming in. I rue the day when court cases consist of scientists slugging it out. I have been at too many academic conferences where scientists love slugging it out—no two people will ever agree with each other. There must be some parameters to determine how much evidence is needed, how much has been repeated and how many laboratories we have to interact with in order to get the evidence. There is a lot to be done in that area.

We have a new policing system. We have intelligence-led policing, forensic awareness training programmes, crime scene examiners and all the new legislation, including the Criminal Justice Act 2003, the Identity Cards Bill and the Serious Organised Crime and Police Act 2005. There is also the compensatory scheme that I mentioned, all of which are part and parcel of the application of forensic science in order to get a better understanding of what goes on in particular circumstances.

We need a collective economic assessment of the value of some of these technologies and what we get out of them. There is to be a new level 2 of the national DNA database, which we have heard about. There are going to be new fingerprint identification systems. I always prefer footprints and the patterns on those to fingerprints, but their use has not been extended to the extent it has in the New Zealand system, for example. Lots of new technologies are coming through. There will be more higher education courses and forensic science will move from DNA technology to RNA technology and protein technology. Then we will really get into it.

3.19 pm

Sitting suspended for a Division in the House.

3.34 pm

On resuming—

Dr. Gibson: I shall bring my remarks to a hasty end in the next few minutes. There is a complex interrelationship between science and technology, and public policy, policing, investigatory practice, the arena of the courtroom and so on. It is essential that forensic science develops in that social environment, but I am not sure that we have yet addressed that problem as much as we ought to have. The authority of the science must be associated with the organisational identities of the different bodies in our country and the social imperatives in our culture. Forensic science will need a wider correlation with political, economic, social, technological and legal events.

We need a deeper analysis of the role of the Home Office, ACPO and the Forensic Science Service, where we identified different patterns of management. We need to get those bodies working together on a broader basis. If we are to get the high profile that we want from the report in the criminal justice system and if forensic science is to play its part, I have a feeling that we are going to need a much stronger and longer inquiry, to bring together all the problems that have been identified in one place. The bodies involved in that might want to consider how they handle such interactions. I do not think for a minute that the Committee said that it had all the answers or that it knew what structures should develop. It is for the practitioners to address those issues.

Forensic science will obviously play an increasing role in crime detection, with all the new technologies and discoveries that are coming along. It will be much more important, so we shall have to take it much more seriously and get those interactions going. For example, we could start with the current concern in society about the ethics of scientific research and accountability. By that I do not just mean animal experiments, but the issue of the ethical interaction of society with scientific and technological discoveries. That is a new field that we have not yet hit, and professional groups make a mistake if they do not recognise that public concern about the ethical and moral questions is part and parcel of those interactions and of understanding the role that forensic science is going to play.

We could make a good start by thinking about that and getting some ethicists. One can find medical ethicists on every street corner these days—the fastest-growing profession in Britain. There is big money involved. A quarter of a million? That is nothing to the medical ethicists—they start at £500,000 these days to tell people

[Dr. Gibson]

how they should think about morality, philosophy and so on. That is an important job to turn to, should a Member lose their seat. [*Interruption.*] Sorry, did the Minister wish to take the job?

There will be huge debates about ethics. The core structures in universities will need to be handled, which will require vice-chancellors to get moving and to think how multidisciplinary interaction could take place. I do not decry Amanda Burton. I do not decry some interaction between departments with the word "forensic" in the title, but it has to be meaningful. Such interaction need not always be vocational, but it will have to be considered in those terms as well just because there are not that many jobs around—there are perhaps more forensic practitioners than we need in our society. There is a huge problem.

I finish with what I think is a deeply interesting point, which is international collaboration. For example, the other night, I saw something about how substances would be detected in the underground in Washington and New York, which one of our reports said that we knew. That has been developed over there, so that a terrorist attack involving sarin, of the sort that happened in Tokyo, could be tackled in those major cities, yet London Underground refused to handle that new technology. That is part and parcel of science and technology inputting into the changes in our society and of recognising that it has a part to play. That is where interaction—in the Home Office, between Departments and among different scientifically trained people, thinkers, commentators and ethicists—could help to make the enterprise a jewel in this country and benefit not only crime detection but our anti-terrorism policy and the prevention of such incidents.

Now is an exciting time to be a forensic scientist. I hope that this Parliament will continue the fight to ensure that they are listened to, that more of them are trained, that we give them the opportunity to develop and that they are not hidden away in funny departments, but come out and become the Amanda Burtons of the future.

3.39 pm

Mr. Brooks Newmark (Braintree) (Con): I shall focus on three areas. My first concern is the move to a public-private partnership. Coming from an ex-businessman and a Conservative, that may be surprising, but I do not particularly want to see the privatisation of these services. In the words of the Science and Technology Committee, because of their record the Government do not "inspire confidence" in their ability to make a success of the Forensic Science Service as a PPP. We should also be sceptical about tinkering with an essential public service, which does much to underpin our criminal justice system. That reason, as much as the first, is one of my primary objections to privatisation of the service.

The second area is science as a marketplace. I remain unconvinced that there is a viable market for forensic science services or that the benefits outweigh the costs to the public. That is because of the need for regulation, the need to ensure low cost, the need for access to services, the need to ensure consistent service—and the risk of failure, which was alluded to earlier.

My third concern is that of education and training, which was mentioned by the hon. Member for Harrogate and Knaresborough (Mr. Willis). The Committee estimated that more than 400 courses on forensic sciences are run by 57 universities. The Committee recommended that action be taken to improve standards of training and to establish links between forensic science and chemistry departments. The Government have not done enough to ensure that that is happening, a connection that I mentioned earlier. We still hear of the closure of chemistry departments, which has been the subject of debate many times over the past few months.

The first issue is tackling public-private partnerships. The McFarland review reached the conclusion that

"by becoming private sector classified the FSS would acquire the private sector flexibilities it desires, and the Government would be relieved of responsibility for a commercial operation, as well as partly realising its investment."

I have several objections to that conclusion. The first is the belief that the Forensic Science Service should, as a matter of principle, remain in the public sector and be subject to full parliamentary oversight. The second is the possibility of failure. In light of the Government's poor track record in managing PPP projects, it is an unacceptable risk to an essential service that underpins much of the criminal justice system.

The Minister said during a follow-up sitting that

"my straight answer to you is yes; that no irrevocable decision has been taken with regard to any further development following PPP. It is my intention, and that of the Home Secretary, that the GovCo structure should be given an opportunity to succeed in its own right."

I hope that he will keep to his word. He echoed the Government's response to the Committee's report, which stated that

"no irrevocable decision about the future shape and direction of the organisation will be made until at least December 2006."

However, as our report identified, there have been no straight answers and no consistent policy since the McFarland review in 2003.

The review suggested the radical measure of a transfer of forensic science services to the private sector, yet the future of the FSS is still in limbo. I am still sceptical of the Government's commitment to the GovCo, given the relatively limited time that it has had to prove itself. Our report also recommended that the Government make public the specific criteria that will be used to evaluate the success of the GovCo and the need for progression to PPP. I welcome the Government's response that

"in the interests of transparency, careful consideration will be given to which information it would be appropriate to place in the public domain"

However, I ask the Minister to bring us all up to date on the criteria that will be used and on the progress of the assessment in general.

Leaving aside for a moment the Government's misleading and confusing presentation on the decision to move from a GovCo to PPP, we remain sceptical of the rationale for the move itself. It is not known whether the provision of forensic science will benefit from a

competitive market. The Minister was hardly any more reassuring when, giving evidence, he said:

"I do not think that there should be room for others to come into the market."

It does not sound like a marketplace to me.

The fact remains that opinion on the subject is sharply divided, and that there is little or no evidence in favour of the move beyond the general principle that competition in the marketplace is beneficial. However, we must continue to ask whether the provision of forensic science services falls firmly in the category of a natural monopoly. Furthermore, even if it can be shown that services will benefit from competition, will the benefits be outweighed by the need for heavy and invasive regulation of an essential public service? A degree of price control will be required to ensure that users like the police have ready, reliable and affordable access to services. Is that compatible with a competitive market?

The Government's response stated:

"A strategic analysis of the market that draws on the lessons from the early pilot areas and informs the evolution of the tendering strategy is planned."

It is not clear whether that analysis will have finished, or even have commenced, by December 2006, which is the date for commencing further discussion on the proposed transfer to a full PPP. The Government's strategy in that respect is unsound in principle; from their track record on PPP, it is likely to be unsound in practice.

Finally, I turn to education and training. The Government have not given enough credence to the Committee's recommendations on the provision of forensic science education and training. We estimated that more than 400 courses are offered by 57 universities, and we highlighted our concern about their standards and the lack of remedial action from the Government. We said:

"It is disappointing that, in view of the concerns expressed to us by the police and the wider forensic science community over standards in forensic science education, the Home Office has taken no action to communicate the existence of these problems to colleagues at DfES."

One of our most important recommendations was that

"the Forensic Science Society, SEMTA and the main employers work together with the Royal Society of Chemistry to promote an understanding of the value of chemistry as a route into forensic science."

However, the Government still decline to take the lead. Their response was not only anodyne, but abdicated responsibility for the maintenance of high-quality forensic science training and more generally for the promotion of science education. In other words, the Government have simply passed the buck to the Royal Society of Chemistry by saying that it should

"as the professional body . . . take the lead."

The Government have pledged to contact the royal society, but meanwhile award-winning chemistry departments like the one at Sussex university are still being forced to close.

I was also concerned that, given the increasingly important role of forensic science to the criminal justice system, there is no compulsory training. The Judicial Studies Board and the Bar Council are left to arrange training on an ad hoc basis. That seems to be another abdication of responsibility by the Government. I was unconvinced by Lord Goldsmith's reply—the Attorney-General—when giving evidence that

"the DCA are discussing with the professional bodies whose responsibility it is to train lawyers whether part of the compulsory continuing professional development ought to include this aspect and those discussions are going on."

We ought by now to know the outcome of those discussions. More important, they should not be discussions: the Government should be taking a clear lead on the level of forensic science training required by the legal profession. It is clear to me that there is no lead at all, much less a clear one. I look forward to the Minister's response.

3.49 pm

Dr. Brian Iddon (Bolton, South-East) (Lab): I have a feeling of déjà vu, because my hon. Friend the Member for Norwich, North (Dr. Gibson) secured a debate on forensic science on 18 October last year, in which I made a contribution. However, more Members will be able to take part in this afternoon's debate. I am pleased to see so many Members in the Chamber, and will try not to repeat my previous contribution.

I shall comment first on the proposal in the 2003 McFarland report that the Forensic Science Service should proceed through being a GovCo to become a Public-Private Partnership. According to the report, the PPP should be established 12 to 18 months after the GovCo. It seems that we are trying to create an artificial market, which will achieve nothing. I shall try to elaborate on that.

The Forensic Science Service Trading Fund (Revocation) Order 2005 was debated on 14 December. In a recent written statement, the Under-Secretary of State for the Home Department, my hon. Friend the Member for Leigh (Andy Burnham), made it clear that

"FSS Ltd must be allowed to establish its viability as a GovCo."—[*Official Report*, 29 March 2006; Vol. 444, c. 68–9WS.]

He went on to say that it would be converted into a PPP only if there were "convincing reasons" for that change. I welcomed that statement, because I would like the GovCo to be given the chance to settle down and prove itself before we rush into the next step proposed by the McFarland report.

The Government have rightly reasoned that the FSS needs massive investment to be able to compete in a market that is becoming more competitive—not only in this country, but throughout the world. It is a globally developing market. Britain's FSS is and always has been one of the finest in the world. I am sure that all Members present want to keep it that way. As a university chemistry teacher, I have an indirect interest in the forensic science services, because quite a number of my students have entered forensic science as a career.

As well as examining whether the Government's plans for the FSS are appropriate, the Science and Technology Committee examined the supply of graduates and the presentation of forensic evidence in court. If I had to write the headlines regarding our Committee's inquiry, they would say that the police should have access to forensic science and not be inhibited by high prices, that the forensic science services should, as they do, prefer to recruit people from the physical sciences, particularly physics and

[Mr. Iddon]

chemistry, and that we need to pay far more attention to the way in which all evidence, but especially forensic evidence, is presented by expert witnesses in court.

The Government recently published a written statement in which they set out the four sets of criteria that need to be met. The first is that the needs of the UK criminal justice service should be considered, which is pretty obvious. Secondly, the Government should seek assurance that a competitive marketplace will develop for forensic science services, about which I am concerned. I think that they might want more competition in order to drive down prices as a cost-saving measure. Obviously, things might not go that way; they might go the other way, with higher prices being introduced.

Thirdly, the FSS needs to improve its accommodation and provide state-of-the-art facilities for its work. As a chemist, I know that simply replacing one fume cupboard involves a massive cost for a service or university. To replace a whole suite of fume cupboards, which are necessary in the forensic science services, requires huge investment. Many of the FSS's buildings are out of date, and some might need to be rebuilt. I do not have enough information on that.

Fourthly, in coming to a decision on the FSS's conversion from GovCo to PPP, the Government will have to consider their needs as a shareholder. If money is lost, they will have a problem.

Obviously, I wish the FSS well, particularly in its GovCo capacity, but I urge the Minister to consider that short period of its conversion from GovCo to PPP. All of us who met FSS staff when the announcements were made following the McFarland report know that the morale of the service slumped at that time. A number of people left the service, and quite a number probably did not enter it because they wanted to enter a public service, and it was clear that it was not going to be a public service. The FSS was in a state of turmoil. Anyone who has worked in such an organisation knows that they take some time to recover. We are expecting not only that it will recover, but that FSS Ltd. should be successful as a half-privatised service. I ask the Minister to give it a little longer than 18 months to prove itself as a GovCo.

If the costs of forensic science services in a competitive environment in which there are few players are driven up rather than down, there is a danger that the police might not have as free an access to those services as they do now, and that fewer samples will be submitted for forensic investigation. That would be to the detriment of justice, but I am concerned that that might happen if prices go the wrong way.

What about the artificial market that I mentioned? Who are its competitors? When the announcement was first made, we had the Laboratory of the Government Chemist Group Holdings plc, but we must remember that the LGC has gone through the same process. It is now a private company, but it once had a strong public sector ethos. The only other major competitor when the announcement was made was Forensic Alliance, but it has now combined its forensic services with the LGC. Therefore, there is only one effective competitor in this country. That is artificial competition, which will not work.

For there to be a free market and competition, there have to be many players in the market. A number of smaller companies are emerging in the marketplace, but they are niche companies. There is one such company in my constituency called Zentek Forensics Ltd., which specialises in a newly emerging area called digital forensics. I spoke to that company earlier today about competition and my belief that it is artificial. It said, "You are probably right Brian, because, as well as the main competitor, if you ignore one-man outfits, you can probably count the number of small companies trying to emerge into this market on one hand." Zentek told me that there are only five or six of them. That might be a low figure, but the number is certainly not much higher.

Zentek Forensics is trying to win contracts with police forces, which are put under more and more pressure as digital crime increases. One reason for that is because of initiatives such as Operation Ore, through which we are trying to pin down all the paedophiles in the world. We know that that is a complex racket, with people downloading nasty images of children from the internet. I have been to Europol in The Hague and seen the Europol side of Operation Ore. The operation is terribly complex: all the raids have to be made at the same time in the morning, otherwise the rest of the network is informed. Electricity to houses has to be switched off and computers have to be captured. It is very complex and involves police forces across Europe, certainly, and the rest of the world. The police cannot cope with the numbers of computers that they capture, the number of hard discs that have to be carefully analysed, and the amount of information that has to be provided for evidence in court.

Zentek Forensics has realised that that niche market is worth entering, and has done so. I am proud to announce—the Minister will be interested to know this—that it has just won a major contract with the Greater Manchester police, which is one of the largest police forces in the country, by open tender. However, it took that small, emerging enterprise, which employs only a handful of people, 14 months to win the tender, which was costly. It underwent a rigorous test of its work, procedures, staff and premises to make sure that such a small company was up to the job. Even its technical competence was tested by the Greater Manchester police in a written examination. Altogether, it took 14 months for that small enterprise to emerge into the so-called competitive forensic market.

I tell that story not only to show how hard it is to emerge in that artificial market that I described, but to point out that if Zentek Forensics Ltd wanted to bid for a contract with another major police force, such as West Midlands or Merseyside, and had to go through that procedure again, it would be bankrupted. The process has cost it a lot of money already. The market needs—if market it is—a regulator. Quality forensic services have to be provided, whoever provides them; we have to make sure that the evidence going to court is of the highest quality. In my estimation, if we are to have a free market in forensics, we need a regulator to make sure that all the things that we want happen.

As the Chairman of our Select Committee pointed out, one of our strong recommendations was to set up a forensic science advisory council, which would oversee the regulation of the science market. I strongly support that, as hon. Members may gather from what I have

said. In view of my remarks, will my hon. Friend the Minister update us on the progress, as he sees it, from the FSS to GovCo, and particularly from GovCo to a public-private partnership?

Much has already been said about forensic science degree courses. Of course, it is the glamour of the subject that allows it to be displayed throughout the media—on television, on the radio and in novels by the thousand. It captures the imagination of millions of not only young people, but older people across the world. We all watch programmes such as "Silent Witness". My hon. Friend the Member for Norwich, North, called the glamour of forensic science "the Amanda Burton factor", and he is right.

When we produced our report, we did not pay enough courtesy to a report published by the sector skills council for science, engineering and manufacturing technologies, or SEMTA for short. It published its report entitled "Forensic Science: Implications for Higher Education 2004" for the Higher Education Funding Council and the learning and teaching support network for physical science. It was commissioned

"in response to employers' concerns that young people could well derive false expectations in terms of realistic employment opportunities"

if they studied forensic science at some universities. According to that report, when it was produced there were 50 degree programmes and more than 350 course combinations involving forensic science.

We heard from the Chairman of the Select Committee how rapidly the number of universities providing forensic science courses, and the number of course combinations, has increased. He was right to point out some of the ridiculous course combinations offered. Forensic science and music has not been mentioned; nor has religion and culture with forensic biology. It seems that any student can think of a course, turn to a document that lists courses, and just choose what turns them on.

Hard science departments continue to close, one of the latest being that in Sussex university. That, we are told, is due partly to a lack of students. However, we are told by the Under-Secretary of State for Science and Innovation that the overall number of students opting to study science is holding up. He is right, and that is due to the popularity of what we sometimes call sexy subjects, such as astronomy and forensic science. We could debate all day whether an over-production of forensic scientists is a good or bad thing. My hon. Friend the Member for Norwich, North, is not worried about that over-production.

Michael Fabricant: I was slightly astonished to hear the hon. Gentleman say that astronomy is a sexy subject. St. Andrews university and several others would say that astronomy was a serious subject, although I understand the point that the hon. Gentleman makes. Did he in fact mean astrology?

Dr. Iddon: No, no, I meant astronomy. The Select Committee discovered that the number of astronomy degree courses has grown astronomically, if I may use the word.

I do not want to dwell on this next point, because it is a debate for another day, but the Royal Society of Chemistry, of which I am a fellow—I admit that interest—has just looked into eight chemistry departments, including one that is world famous. The report does not name it, so I shall not do so, but anyone who knows anything about the subject can pick out which one it is if they read the report. The Royal Society of Chemistry concluded that not one of the departments, including one that gets loads of money from the dual funding system, is paying its way. The line is red at the bottom of the accounts for all eight departments.

The message to the Government is clear, and we will give it to them on another occasion: frankly, science departments are not funded as well as they should be. That is the second main reason why physics departments, as well as some other science departments, are closing. The issue is not just the shortage of students; it is that departments are not well enough funded, at a time when the Government are pouring money into science. It is ironic that the Government are committing more and more money to science, yet we are closing the research institutes of the research councils on the one hand, and science departments are being closed on the other. How can that be? I will continue to ask that question of our Parliamentary Under-Secretary of State for Science and Innovation.

Lee Chatfield is head of the department of forensic and investigative science at the university of Central Lancashire—it likes to be known as UCLAN—in Preston. He tells me that a number of the department's students are attracted to continuing their studies in a hard physical science after initially studying forensic science. Those are students who would not have done chemistry or physics or have been turned on to mathematics if they had not gone through a foundation course or a three-year BSc course in forensic science. That is a benefit arising from some, but not all, forensic science courses.

Incidentally, Lee Chatfield's first crop of graduates had no difficulty in getting jobs; they went into a number of disparate careers, but the interesting thing is that quite a number went into the police force. I have worked with the police and have seen Mr. Plod trample the evidence; it would be no bad thing if police understood how scene-of-crime officers have to collect the evidence from a crime scene, and so did not trample the evidence into the ground. Frankly, I am all in favour of more policemen and women having a knowledge of forensic science.

Here is some good news that I do not think has been widely broadcast yet. UCLAN has announced that it will reopen its degree course in chemistry in 2007, having closed it in 1999. That is the rebirth—the first one—of a chemistry department. Why is that happening? Because so many of the university's forensic science students realise that they are not going to work in forensic science laboratories unless they have some chemistry and physics knowledge, and unless they are numerate and can understand statistics. That is excellent news, and I am pleased to spread the word, although it has been announced publicly previously. UCLAN was the first university in the entire country to start a forensic science degree course in 2000. Full courses in forensic science are quite new, although modules in the subject, and MScs in forensic science—following a chemistry degree, for example—have been around since the 1990s.

[Dr. Iddon]

Let me mention briefly just some of the conclusions of the SEMTA report. The first is that forensic science courses attract a higher proportion of female students. That is no bad thing, because something that has been lacking in the hard sciences, as distinct from the life sciences, is sufficient numbers of women prepared to study physics, chemistry and mathematics. If they are proceeding into those subjects via forensic science, we ought to applaud that.

Nearly all the universities that run forensic science courses rank a chemistry A-level as a desirable entrance qualification. However, the sad thing is that two thirds of such courses take people who have no science A-level qualification. That is bad. Universities found their students lacking in practical skills and mathematical ability, another bad thing. Five of every six institutions agreed that, given the demand for them, there was an over-supply of forensic science graduates.

According to SEMTA, the most suitable occupations for forensic science graduates were analytical chemistry, laboratory analysis or police roles such as being a scene-of-crime or fingerprint officer. Although the major factor in developing forensic science courses was student interest, universities developed them to compensate for the falling demand for hard science courses, which students perceived as too demanding or not relevant to today's world; in my opinion, both perceptions are untrue.

Of all the course modules listed in the pamphlet, chemistry, biology and law were least popular, and scene-of-crime and practical work most popular. Forensic science employers have been involved in the design of some courses at some of the universities, but not all of them, unfortunately. They would like the courses to provide graduates with better presentational, computer and laboratory skills and some knowledge of biology and mathematics.

There appears to be a lack of consistency across forensic science degree courses; that point is important. Forensic science employers do not know what they will get from a given university and are calling for an accreditation system for forensic science degree courses. Such courses are young, as I have said, but such a system is long overdue. Forensic science graduates are not as attractive to other science employers, although a shortage of skills is encouraging them to recruit graduates from the forensic science market.

The SEMTA report made four recommendations: the instigation of a system of quality assurance to attest to course content and the outcomes of forensic science degree courses; an agreement on the establishment of a formal mechanism through which employers could discuss the content and outcomes of forensic science degree programmes; the establishment of world-class training programmes designed to deliver the full range of technical and/or laboratory skills required in employment in forensic science; and discussions on the nature of funding in higher education with a view to arriving at funding strategies to strengthen the science base by attracting more people to read science degrees—that is, all science degrees.

Finally, I turn to the judicial system. A number of high-profile cases have collapsed in recent years because the courts appear to have relied too much on the forensic evidence presented by so-called expert witnesses. There has been controversy about Sir Roy Meadow, whose evidence led to the conviction of Sally Clark; that case rumbles on. The cases of Sion Jenkins and Angela Cannings are still very much in the headlines. More recently, Ian Gay and his wife Angela have been released on bail, only to be told that they will be retried for the manslaughter, allegedly by an overdose of salt, of Christian Blewitt, whom they planned to adopt. The Damilola Taylor murder case has reopened, apparently because what might have been vital evidence was missed during a forensic investigation.

It appears to me that some court cases are won or lost on the basis of the evidence given in court by an expert witness. The prosecution will seek the best expert witness available; that often means, particularly given that the market is small, that the defence has to put up with somebody who is not of the same standard.

Dr. Evan Harris: I have listened carefully to the hon. Gentleman, and I respect the points that he has made. However, he implied that Sir Roy Meadow's evidence led to Sally Clark's conviction and that the role of expert witnesses leads to miscarriages of justice. It should be noted that at the first appeal the conviction of Sally Clark was upheld, despite that evidence having been considered. The second appeal, which overthrew the conviction, rested almost entirely on the non-production of evidence from a Dr. Williams and was not related to the evidence of Sir Roy.

Dr. Iddon: I fully accept those points, and they are on the record.

I was interested to read in *The Times* of 7 March this year a letter written by Patrick Phillips QC:

> "If one examines early cases when 'experts' were involved, they were invariably leading (and often outstanding) practitioners. Nowadays this is rarely the case, and the 'forensic expert', who practises little but earns most of a living from giving evidence, holds sway to the detriment of the whole process".

A leading QC is concerned about how forensic evidence is presented in court and who presents it; Parliament should listen to such people, as well as to the conclusions of Committees such as ours. Most of the rest of the judicial process is under review; why cannot the way that evidence is presented in court also be reviewed?

Are judges and juries impressed by the reputation and qualifications—nay, even the charisma—of expert witnesses more than by the evidence that they present? I wonder. Do judges and juries or solicitors and barristers understand all the scientific evidence? Given the ever-accelerating pace of technology, has the time come to require training for all those involved in court practices, so that justice can be seen to be done in Britain and we can avoid the mistakes—there have been too many—that have already occurred?

Our report has attempted to answer some of those questions. We suggested that the prosecution and defence expert witnesses should always, not sometimes, meet out of court to decide on areas of agreement and disagreement. Those areas of disagreement, of course, would be debated in court, and I would fully support that.

Like our Chairman, I feel that the Government should look at the Contempt of Court Act 1981, which prevents us from carrying out research on how juries reach their decisions and whether they understand the extent of the evidence—particularly the forensic science evidence. I urge the Minister to consider amending the 1981 Act so that we can do such research.

I realise that my point is extremely controversial and would have a lot of opposition. However, if we are to know whether justice is being carried out, we need to know whether juries are being led along the right route, whether the right evidence is before them and whether one man or woman guides the rest of the jury, as can often happen. We need to know what happens within those closed four walls.

4.18 pm

Mr. Philip Hollobone (Kettering) (Con): On 17 February, I visited the scientific support unit of Northamptonshire police force. During the past year, I have had the privilege of completing a 22-day attachment with the force as part of the police parliamentary scheme. My day with the forensic science department was most illuminating. I thank Dr. John Bond, the scientific support manager, David Goodwin, the head of fingerprints, Peter Watson, the head of forensic investigation and Claire Rocks, the investigator to whom I was attached, for a most informative and illuminating day.

There are 50 forensic staff in the Northamptonshire police force. They operate on a budget of £2.5 million, and they pick up almost 50 per cent. of the relevant detections for those crimes most easily detected by forensic science. Without those people's good work there would be far more criminals at large in Northamptonshire, committing far more crimes than is currently the case.

The important point I want to contribute to this debate is that the Home Office's own data show that scientific support units are most effective when they are engaged in police forces of about 1,500 officers. My worry is that, despite all the improvements in the technical ability of forensic science in terms of fingerprinting and DNA sampling, if the intended police mergers go ahead, we could end up with fewer crimes being detected. The forces will be far larger, and therefore less effective in using fingerprint and DNA technology.

The Northamptonshire police scientific support unit was established as a result of the famous Touche Ross report of 1987, which sought to establish such units on the basis of county police forces; there was a move away from regional scientific support units. That is the opposite direction to that in which the proposed police mergers might take us. As a result of that earlier direction, fingerprint and DNA detection increased. The report's recommendation was effective—it worked.

As hon. Members know, the crime types where forensic science has the most detection potential are burglary dwellings and theft of motor vehicles. In the 12 months to the end of December 2005, in Northamptonshire, 48 per cent. of all burglary dwellings detections, 47 per cent. of all theft of motor vehicles detections and 30 per cent. of all thefts from motor vehicles detections were a direct result of fingerprint and DNA work by Northamptonshire police's scientific support unit.

That clearly demonstrates the success of, and need for, forensic science. The Home Office's own data show that, where the size of a police force is increased, the detection rates for forensic science decrease. We all know that most crime remains undetected. However, let us consider some figures relating to recorded residential burglary and theft of motor vehicles detected by DNA and fingerprinting in 2004–05. The best results in the country were achieved by forces of between 1,000 and 2,000 police officers, where some 10.5 per cent. of the overall crime in those categories was detected using DNA and fingerprinting. For the larger forces involving between 6,000 and 8,000 police officers, the figures decrease to about 3 per cent. My worry is that, if we have a similar debate in 10 years' time, the Home Office data, which we assume are right now, might show that we are detecting fewer crimes by forensic science.

I am horribly biased in my analysis because Northamptonshire police's scientific support unit is among the best in the country. It takes its work extremely seriously. Let us consider the percentage of domestic burglary crimes that were examined for fingerprints in 2005–06. Northamptonshire police and the British Transport police examined every such crime scene for fingerprints, whereas the national average was just 86 per cent. All four forces with which Northamptonshire's police force is proposed to be merged had a worse record than it did.

Let us consider the percentages of stolen vehicles examined for fingerprints and DNA by police forces in 2005–06. Northamptonshire's police managed a figure of 95 per cent., whereas the national average is 46 per cent. The four forces I mentioned again did worse. Let us consider the percentage of recorded burglary dwellings where the use of fingerprints led to the detection of a crime. The Northamptonshire force is in the upper quartile and its performance is well above the national average. Two of the forces with which it is to be merged are in the lower quartile, and so it continues.

My conclusion is that Northamptonshire's excellent scientific support unit, led by Dr. John Bond, is imperilled by the proposed police mergers. The Northamptonshire unit has also led the way in the technological development of fingerprint techniques. It played a full role in the first automated fingerprint identification system in the early 1990s. It has made full use of the first national automated fingerprint identification system, or NAFIS, and, most recently, its successor, Ident1. By this summer, Northamptonshire police will have the benefit of Livescan machines that will electronically record arrestees' fingerprints and automatically search them on the national database for proof of identity.

The National Fingerprint Board recently published data for the first quarter of this year which showed that in Northamptonshire the scientific support staff handle more cases per fingerprint expert than any other force in the country. In addition, they achieve many more identifications per fingerprint expert than the national average. The Northamptonshire force processes 120 crimes per fingerprint expert. The figures for all the

[Mr. Hollobone]

forces with which it is proposed to merge are considerably worse. The figure for the Leicestershire force is 40, which is the second worst in the country.

The Northamptonshire force is also developing nanotechnology, which is the focus of a research project that it is undertaking to enhance the techniques for revealing fingerprints. Nanotechnology is likely to be one of the biggest steps forward in fingerprint technology in the past 30 years. The Northamptonshire force was also behind the last major step forward: the use of superglue vapour. I do not imagine that many people in this Chamber inhale glue vapour. However, if vapour is produced from superglue, fingerprints can be made to appear from almost nowhere. That was discovered by Northamptonshire police.

Northamptonshire's unit recently teamed up with the scientific team at St. Andrews university. Its polymer optoelectronics group is world renowned in the development of nanoparticle semiconductors. Together they are developing new techniques to make fingerprints that cannot currently be detected available for identification. The work will have a tremendous impact on enhancing fingerprints and will therefore increase fingerprint detections. If it is successful in Northamptonshire, I have no doubt that it will be rolled out throughout the country.

The Northamptonshire force has led the way in respect of success with DNA. It has been involved in the national DNA database since April 1995, and in recent months the FSS has described Northamptonshire police's DNA performance as "simply spectacular" and "amazing". Northamptonshire's success rate in obtaining DNA profiles suitable for inclusion on the national database is far higher than that of the rest of the east midlands region, with which it is now proposed that it will merge—65 per cent. in Northamptonshire, compared with 57 per cent. in the east midlands. The national figure is merely 53 per cent.

In my brief contribution to this debate, I wanted not only to bring to the House's attention the success of Northamptonshire's scientific support unit and to thank its staff for the day I spent with them, but to give a serious warning that forensic science has been overlooked in the "Closing the Gap" report produced by Her Majesty's inspectorate of constabulary. That is a serious omission. If this all goes wrong, we could end up with fewer crimes being detected as a result of forensic science because of the police mergers that the Government propose.

4.31 pm

Dr. Desmond Turner (Brighton, Kemptown) (Lab): May I say, Mr. Pope, what a pleasure it is to stand before you in your new august guise?

The Select Committee was stimulated in the first instance to look into forensic science by the Home Office proposals for partial privatisation. From the start, our investigation was truly fascinating because every time we turned over a stone any number of issues emerged. Many of them have been rehearsed this afternoon, and I will not repeat them all.

I shall begin by making a point that I do not think any hon. Members disagree with. The FSS is, and has been, one of the jewels in the Home Office crown, and we should think very carefully before changing it drastically, in case we damage it or reduce its future potential.

What is the imperative to go towards PPP? Like my hon. Friend the Member for Bolton, South-East (Dr. Iddon) I have a feeling of déjà vu, because I remember what happened to air traffic control. The case of National Air Traffic Services provides a closely comparable example. Here we had an excellent service of unquestionable quality and skills that was starved of finance—artificially in respect of NATS, because the Government were taking the money, but they were just not reinvesting properly, so they created an investment backlog. That PPP was not a signal success.

I am sorry to say that in my wardrobe I have a rack of tee-shirts to do with various issues that say "I told you so." Sometimes, I get them out and wave them about, and I think this is one such occasion. We do not want to repeat the PPP mistake with the Forensic Science Service, provided that it can succeed as a GovCo. It is vital that it is given a fair crack at doing that. It will need capital, but irrespective of whether that capital comes from a private partner or judicious borrowing, it will still have to be serviced. What is it to be serviced with? It will be serviced out of turnover. Either way, the actual impact on the revenue and on the cost of forensic science services will be little different, except that there is a strong possibility that the price will be higher if there is a private partner with the need to give profits to its shareholders. That is more likely to increase the costs to the users of forensic science than it is to diminish them. There is short-termism here; I must say that I have never been a fan of PPP in any of its guises, and that is a feature of all of them. This short-termism is extremely unfortunate because in the long term the cost to the whole country is likely to be greater.

I feel slightly worried when Opposition Members say things that I actually agree with.

Mr. Newmark: Name names.

Dr. Turner: I was about to name the hon. Gentleman. He referred to forensic science as a natural monopoly. That is true—again, just like air traffic control. Forensic science is basically a natural monopoly, although perhaps with a few niche areas around it. My hon. Friend the Member for Bolton, South-East has also seriously questioned the validity of the concept of a market in forensic science services.

At present, there seems to be something slightly naive—this came across in evidence—about the Home Office intention that somehow the new PPP would bring in a lot of foreign business because it had been turned into a PPP. I doubt that. It will attract foreign custom if it offers the high-quality forensics that people need, and if it uses cutting-edge techniques. In my view, being a PPP would not help that.

I am still very worried about the Government response to our clear recommendation that the transition to PPP should not be axiomatic. The GovCo should be given an adequate chance to demonstrate its viability, and the criteria should be transparent. I am glad that the criteria have been published, although I have not seen them yet, so I cannot comment on them.

Mr. Newmark: Does the hon. Gentleman share a concern of mine, which is that the Government will be both judge and jury? We should be concerned about

their setting the criteria. They will set the criteria, and then they will make a judgment on whether the forensic service should move to being a PPP.

Dr. Turner: I thank the hon. Gentleman, because I was about to make that very point. I agree: the Home Office is setting itself up as judge and jury, and executioner, all at the same time, and that is unfortunate. I hope that there will be—as mentioned in the Government response—genuine scrutiny by the National Audit Office. It is essential that there is independent scrutiny of this process, and it must be transparent.

My heart sinks slightly when I come across the usual weasel words in publications such as the Government response to the Select Committee's report. It states:

> "There is no intention to conceal any performance-related information, but it would not be reasonable to disclose any commercially sensitive information that could undermine the ability of FSS GovCo to operate competitively."

That kind of phrase covers all manner of sins. It provides the excuse of not saying anything at all. That cannot be acceptable either. I am not in commerce myself, but other hon. Members present are, and I am sure they would agree that that is not a sound principle on which to operate. It is just a bit of a cover-up. I am not in any way blaming my hon. Friend the Minister, but it is a smokescreen behind which civil servants are happy to hide. There must be transparency in the judgment process. Even if the timetable were extended until the summer of next year, it would still be an unrealistically short period in which to judge the performance of a complex operation. It needs at least two years of annual operating and financial results.

Dr. Iddon: And some investment.

Dr. Turner: There needs to be an investment plan now, because without investment, the company would have no chance at all of delivering the goods. It would be like asking it to run the 100 m with a ball and chain around its legs. That would not do any of us any good, least of all forensic science and the criminal justice system. Adequate time must be given, and there must be an investment plan now, not later. We do not know what investment there will be.

Mr. Newmark: I am curious. If the service remains a GovCo, and it does not undergo transition to a full PPP, does the hon. Gentleman believe that a forensic science advisory council will still be necessary? Would he still want to follow up that recommendation from the Committee?

Dr. Turner: Yes. Even if we remain with a GovCo, we still have something of a market. Many other aspects—many of which have been aired this afternoon—require the attention of a regulator. Unlike the normal regulation of a market, there are serious issues of scientific quality in this area, and there is no arbiter or authority to keep a check on them. I would go further than the report, and suggest that one role of the regulator—the advisory council, which needs to be a highly qualified body—would be to maintain a high level of scientific quality throughout the criminal justice system. There is an important role for a regulator in any event. I hope it is clear that I do not wish to see the introduction of PPP. I am convinced that, properly supported, the GovCo can work very well. But it must be properly supported.

I turn to the national DNA database and other databases. I, too, have been concerned about the ease with which a young person can find themselves DNA tested and put on the database without ever having been cautioned, charged or anything. Such practice approaches the edge of a serious civil liberties issue, and I should like the Minister to address it. There is no control over the police in this matter. Are they simply on a stamp-collecting exercise, whereby any young person who comes to their attention automatically goes on to the database, so that they have lots of reference material when hunting for villains? If so, I agree with the hon. Member for Lichfield (Michael Fabricant). He said that if we want the police to do that, Parliament should be the body that decides it, not the police of their own volition.

We do not yet have any certainty about the future ownership and control of either the DNA or other databases. Control and ownership will have to be removed from the Forensic Science Service, even with its transition to a GovCo. Will the Minister provide us with some further information about what the Government have in mind for the long-term future of the control and ownership of the databases? That is absolutely fundamental.

We have said much about training, and I fully endorse it. The chemistry department under threat of closure at my local university, the university of Sussex, is an excellent department. We may yet save it, but we shall see. Its life would have been made much easier if prospective students who wanted to work in forensic science were aware that their best way in is to do a proper chemistry or physics degree. Do a serious science degree, and then top it up with some postgraduate training—boom! Doing one of the 455 Mickey Mouse degrees that, if one wants to enter forensic science, are on a par with a degree in media studies, is a total waste of time. It defrauds students and it does a disservice to the reputation of universities if they pander to the market in that facile way.

It would help if the Government and forensic science associations made it clear to students what were the best career and qualification paths for entering forensic science. It would encourage recruitment into serious science departments. There should be not only accredited degrees, but recognised and accredited qualifications for entering the profession and becoming a registered practitioner. Regulation is needed, and it could form part of the work of the independent regulator, if established. A very useful service would be created.

Research and development is not financed clearly, nor is it subject to any clear strategy. It would be most unfortunate if FSS, as a GovCo or in whatever form, were not at the cutting edge because there was not enough research and development in forensic science. Encouraging the "forensification"—that dreadful word that we heard in evidence to the Committee—of techniques for use in the criminal justice system will require a clear research strategy. We do not have one. We need clearly identified investment; we do not have it.

[Dr. Turner]

Moreover, we do not have any clearly recognised body that can validate a new technique before its application to the criminal justice service, or assess whether it is fit for evidential purposes in the courts. It is another role for the advisory council, and another on which I should like some guidance from my hon. Friend the Minister.

I shall not stray into the thorny issues of court procedures, the legal profession and so on. Those issues have been fairly well explored, but other related issues in addition to the fundamental question of the status of the Forensic Science Service have been exposed by the inquiry and need answers.

4.50 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): It has been a pleasure to serve on the Select Committee under the chairmanship both of the hon. Member for Norwich, North (Dr. Gibson), who spoke so eloquently earlier, and of my hon. Friend the Member for Harrogate and Knaresborough (Mr. Willis), who introduced the debate so well. He demonstrated his acquisition of knowledge from an inquiry that took place in the main before he became Chairman, although we had an evidence session with Ministers under his chairmanship. That shows that he has quickly grasped the nuances of the scientific world, of the Committee and perhaps even of Committee members. He has also done that on all the other issues that we are dealing with.

This has been an enjoyable debate. I am sad that I was prevented from hearing 20 minutes of it by being detained outside the House. I apologise to you, Mr. Pope, and to other hon. Members for that. So much in the report could be raised, but I shall raise only two matters that were the subject of recommendations. First, paragraph 162, which talks about the prosecutor's fallacy and the presentation of DNA evidence, states:

"We are of the view that there is significant room for improvement in the way that statistical evidence, including risks and probabilities, is presented to juries. In order for this to occur, there needs to be a better understanding of the forms of wording and presentation that are easiest to understand, and least misleading, to members of the general public."

The Government response stated:

"The Home Office is considering the issues raised with regard to DNA evidence and have arranged a meeting with Mr Cooke"—

one of our witnesses—

"appropriate officials from the department, the Crown Prosecution Service and the Forensic Science Service to establish the issues which need to be addressed."

However, we recently heard from Mr. Cooke that no such meeting has taken place. I should be grateful if the Minister explained what the problem is, because the Government volunteered to have a meeting and my knowledge of Mr. Cooke is that he has strong views on the issues. The Committee had regard to them and he is unlikely to let the matter drop until the Government deal with it. We expect the Government to follow up the conclusion and I am sure that they wish to do so.

The second matter, on which I shall spend more time, is the scrutiny of expert evidence, with particular regard to the case of Professor Sir Roy Meadow. I should say at the outset that I do not know him. I do not believe that I have ever met him or spoken to him on the telephone. However, I feel strongly that there has been great unfairness in the way in which he has been treated and that that has huge implications for expert witnesses, as we mentioned in our report. I should, however, declare an interest in that my father is a retired professor of paediatrics, as is Professor Meadow, and I believe that he knows Sir Roy Meadow.

One thing that I do know about paediatricians, retired or otherwise, is that there is no private practice in paediatrics. There is a hard slog of long hours working for the health service, dealing in many cases either with critically ill children—some of the most distressing cases that one can deal with, in which life-and-death decisions are made in clinical practice—or with child protection, which involves highly controversial issues and in which, when there is a contested action, it is hard to conceive of feelings not being raised strongly on both sides. There is a duty on the prosecution in such cases to do what it can to protect children, and clearly it is of huge interest to the accused, innocent or otherwise, to defend themselves against heinous allegations.

I think that Professor Sir Roy Meadow was wronged in at least four ways. I am referring to the decision of the General Medical Council to bring a case against him, the decision of the GMC's fitness to practise panel to find against him on the charges brought, the subsequent decision to strike him off and, in particular, the press vilification to which he was subjected. I am not sure that we have dealt with that issue. I raise it because there can be miscarriages of justice. I hope that the GMC will learn from this case, given that Sir Roy Meadow was successful in his appeal against both the judgment and the sentence. The press vilification is particularly unfair to him because he is not in a position to respond when cases are sub judice or he knows of certain medical information or he is advised by his legal advisers that he cannot respond, whereas people who are accusing him can and do. The reporting was overblown and turned out to be wrong, given that he was cleared in the courts.

Sir Roy Meadow is still referred to as discredited despite having won his appeal, but I do not think that he is discredited. I hope that the Minister will agree with me that not only in Sir Roy Meadow's case but because we need expert medical witnesses to come forward to support the Courts Service, the press need to show responsibility when attacking someone before they are convicted by a disciplinary panel and, indeed, when they have been cleared by a court of that panel's finding.

Paragraph 170 of the report, which was written before Mr. Justice Collins's ruling in the High Court overruling the GMC decision, states:

"Expert witnesses have been penalised far more publicly than the judge or lawyers in cases where expert evidence has been called into question. These cases represent a systems failure. Focussing criticism on the expert has a detrimental effect on the willingness of other experts to serve as witnesses and detracts attention from the flaws in the court process and legal system which, if addressed, could help to prevent future miscarriages of justice."

That key recommendation should have given the Government pause for thought. However, their response was simply:

"The Committee's comments are noted."

Given the crucial role of expert witnesses and the importance of their being willing to come forward, the Government response is not satisfactory. They have

must have a view on whether Professor Sir Alan Craft, president of the Royal College of Paediatrics and Child Health, was correct when he said that the campaign against paediatricians in the field of child abuse

"has had an absolutely enormous effect on paediatricians. Paediatricians are frightened of getting involved in child protection work . . . I do not think you can actually underestimate what being reported to the GMC actually does to you—and paediatricians, I think, are pretty sensitive people, that is probably why they are paediatricians—and they do take it incredibly personally when the letter drops through the door saying that they have been reported to the GMC . . . so it is not surprising, given all this, that they are fearful of being involved in child protection."

That was quoted in the judgment of Mr. Justice Collins given on 17 February 2006 in the case between Meadow and the General Medical Council.

It is children who suffer if expert medical witnesses do not come forward. In saying that, I want to record my concern and my feelings for Sally Clark, who clearly suffered a miscarriage of justice. That was seen to be the case in the second appeal, at which the evidence from Dr. Williams, which was not adduced at an earlier stage, was found to be so critical that the judges did not even seek a retrial. There is no doubt, therefore, that her conviction was unsound, but that unsoundness was not based, as a succession of judicial authorities have found, on the evidence of Sir Roy Meadow or his conduct.

Dr. Iddon: Does the hon. Gentleman agree that if a witness is in danger of being tripped up in open court, that is why a pre-trial hearing is extremely important?

Dr. Harris: I agree with that and with what the hon. Gentleman said about what needs to happen in this area, which reflected our report. I hope that there will be progress.

I would love to go into the issue of the evidence given, but it would not be appropriate. However, a couple of things need to be said. The evidence given by Sir Roy Meadow was not challenged by the defence in cross-examination and he was not recalled. The defence team had faxed to them the day before evidence from another expert, contradicting the statistics that he gave. Even if that had arrived too late for the defence, they could have recalled Professor Meadow to put it to him. The statistical error that Sir Roy Meadow made was obvious to people who work in that field, and I am surprised that so little has been said about the failures of the court system, including the defence.

Mr. Willis: And the judge.

Dr. Harris: I am cautious about criticising judges, but my hon. Friend mentions the judge. The judge in the Sally Clark trial made it clear to the jury that the case was not about statistics, particularly on sudden infant death syndrome, as the defence were not arguing that these were deaths from sudden infant death syndrome—that is, unknown natural causes. The judge escapes criticism in that respect, as he made that clear. Indeed, the Court of Appeal, when looking at the Meadow evidence in the first instance, upheld the conviction, even with regard to the fact that the evidence was found to be flawed.

What about the defence? We had an interesting exchange with the Attorney-General, Lord Goldsmith, in the evidence session on 23 November 2005. My hon. Friend, the Chairman of the Select Committee, asked at Question 67:

"How do we stop an expert witness like Meadow giving expert information on an area in which he was not an expert? Was that the judge's fault, or the prosecution's fault for asking him a question which was of a statistical nature rather than in fact within his remit?"—

a well put question, if I may I say so. The Attorney-General replied:

"All of these cases teach us lessons, both on the prosecution side and on the defence side."

The defence was not mentioned in the question—he volunteered that. He went on:

"A particular statistical statement was made. I do not know whether the defence even challenged it or challenged his expertise to give that answer"—

I can tell the House that the defence did not do either of those things—

"which would really be the right way of dealing with it. I am certainly not blaming the defence."

I asked at Question 69:

"Lord Goldsmith has just said that he would not blame the defence in this case. I do not understand why . . . Everyone has blamed the expert who is said to have given it, and judged by the GMC to have given it"—

that is, his evidence—

"in good faith; he was not malicious in so doing. So all the blame is on the good-faith guy, and then you are saying no blame attaches to the professionals who are paid to ensure that juries are not misled."

In response to that, Lord Goldsmith stated:

"If I may say so, I think that you make a very good and important point. I think it is unfair to put all the blame for these things which go wrong on a single expert, and I think that some of them have been vilified . . . All I was seeking to do was to avoid, frankly, the headline 'Attorney Blames Defence' in this particular case."

The Attorney-General may have his reasons for worrying about headlines rather than what is fair and right in law, but there is now a clear argument that there was a failure in this case. The question must be asked—I hope that the Minister will respond to it—whether judges with adequate training should step in and say, "That is a statistical point, it may or may not be right, you are not a statistician." That could have been done in this case. As it happens, I do not think that it was necessary. I would be interested to know whether the Minister thinks that more could be done in this area.

The other point is that Mr. Justice Collins in the High Court found for Roy Meadow on three bases: first, that he should not have been struck off, and secondly, that he should not have been found to be guilty of serious professional misconduct. He said that in strong terms, and the GMC have not appealed those two aspects of the judgment, which suggests that it accepts them. The GMC needs to reflect carefully on his criticisms of their judgment and processes.

Mr. Justice Collins's third point was that expert witnesses should have immunity from disciplinary proceedings. That is a substantial part of case law now, and may well be challenged. The GMC has signalled that it will challenge it. It would be useful for Ministers to say what they think is right, as expert witnesses want to know—there should not be this limbo—whether they run the risk of facing disciplinary action by the GMC or other professional bodies and having the vilification that even Ministers such as the Attorney-General have accepted took place in this case.

[Dr. Harris]

Mr. Justice Collins makes a reasonable suggestion in his judgment, which is that the principle that there should be immunity from civil prosecution for expert witnesses should apply for disciplinary proceedings, except when the judge makes the referral. If there is serious criticism by a judge, the judge will make the referral themselves, yet the GMC states in its response to the judgment, and later in seeking to appeal this aspect of the judgment, that where there has been criticism by a court, the GMC's procedures should be allowed for disciplinary cases. However, there was not serious criticism of Sir Roy Meadow by a judge in this case. Mr. Justice Collins said that if there is serious criticism, a judge can make a referral. That would be sensible, and I hope that the Minister will give his view on it.

I hope that the judgment in the High Court and the clearing of Sir Roy Meadow will make it possible for paediatricians to come forward and do work that protects children. There have been miscarriages of justice in this area—I am in no doubt about that—but we face equal or greater miscarriages of justice if we do not correct the impression out there that expert witnesses are themselves on trial. When they act in good faith, they should not be on trial or facing that threat; otherwise, children will suffer.

5.6 pm

Lynne Featherstone (Hornsey and Wood Green) (LD): I congratulate my hon. Friend the Member for Harrogate and Knaresborough (Mr. Willis) and the former Chairman of the Committee, the hon. Member for Norwich, North (Dr. Gibson), on an excellent report. I was less pleased with the Government's response, in that it was fairly short and did not answer some of the issues that were raised. I shall be relatively brief.

As a former chairman of the London Assembly Transport Committee, the words "public-private partnership" strike fear in my heart because of the amount of money that may be paid to lawyers, how things may be negotiated and how things may go wrong in such circumstances. I understand that our Forensic Science Service is exemplary, one of the best in the world. My fear of a move to privatisation is that the service will be dilapidated in some way.

My experience of the private sector is that, when an in-house department that serves a primary function—the Forensic Science Service first and foremost serves our criminal investigation units and our police—makes itself available on a commercial basis outside, it moves across functions and other demands are made on it. It then has the dilemma as to whether to meet the commercial demand and receive revenue from outside, or whether to facilitate its original purpose, which in this case is to serve the police force.

It is not simply price competition that is the issue. It is also a matter of the capacity of the company, GovCo or PPP to provide the service. What does it prioritise—the huge commercial contract from abroad, which will bring in lots of money, or the needs of the police force? Which will be given priority by the privatised company? There are inherent dangers in moving towards PPP, so I urge caution in respect of the time scale by which the Government wish to proceed. The criteria, which I do not have time to deal with today, must be robust. I cannot imagine any circumstances in which I would wish the Forensic Science Service to move to a PPP.

It is important to know at this point what sort of inquiries have been made about companies that might have a commercial use for the databases that will be created. For example, divorce lawyers could have an interest in DNA databases, as they could use them for their purposes. A great deal of interest will be expressed in the DNA databases, and we should be more concerned about that.

As we have heard from many hon. Members, the DNA database and DNA collection are of great concern. The expansion of what I regard as a national database by stealth is a huge issue, and if that is the Government's purpose, they should have a proper debate on the Floor of the House. We have had no reassurance on any measure as far as security of access is concerned, or on the security of the databases and protection against misuse, whether that is hacking or more commercial activity.

I recently attended a European Standing Committee where a European Union proposal based on the principle of availability was discussed. Our databases will be made available to competent law enforcement agencies in all 25 EU member states for the purpose of catching criminals. What is on our database will be available in 25 countries, and the Secretary of State had no answers about that on the day.

Mr. Newmark: Does the hon. Lady share my concern about the broader issue of civil liberties? Of course, we must tackle crime and we should have the DNA of those who cause problems but, as she says, collecting DNA by stealth is an infringement of our civil liberties. That is the broader issue that we should be most concerned with.

Lynne Featherstone: The hon. Gentleman is right, but there are so many issues relating to the collection of DNA and the DNA database that I almost do not know where to begin.

Disproportionality is another concern in relation to the databases. We heard some of the figures on the non-cautioned and non-charged side of the equation. Twenty-four per cent. of those on the database are black and from ethnic minorities, who comprise only 8 per cent. of the general population. I agree that the juvenile figure is terrible. There is a distinction, but not a huge one; if someone is innocent, they are innocent whatever age they are. I have not heard a logical argument from the Government as to why we should retain the DNA of anyone who is completely innocent. We hear the mantra, "What is the problem if they are innocent?" But our civil liberties rest on a presumption of innocence until one is proven guilty, not a presumption of, "I'll keep it in case it is useful one day."

Regarding the question of innocence, on 30 March, the Minister said:

"Forecasts indicate that it is likely to expand to 4.25 million profiles by 2007–08".

He added:

"It is not the case that anyone added to it is 'innocent'."

In the same speech, he stated that there will be

"some instances where entirely innocent young people are arrested and sampled in a case of mistaken identity".—[*Official Report*, 30 March 2006; Vol. 444, cc. 1128–1130.]

There is confusion in the Minister's statement that serves only to exemplify and heighten the problems to which I have just alluded. I would like some clarification from him.

Control and custodianship of the database must be raised. It is a positive step that the Government are to revise the custodial arrangements for the DNA database and to move away from control by the FSS to avoid a conflict of interest, but I would welcome detail of any discussions the Government have had with the Association of Police Authorities or the Association of Chief Police Officers regarding independent oversight of the database. Have such discussions taken place?

I would also like to know the nature of the information that is to be stored on the database. The Government claim that such a database is needed to combat crime, but the information contained in it, though under independent custodianship, still needs to be public property and not a private commodity.

I wanted to expand a little on some of the unintended consequences of disproportionality in the collection of data, particularly with regard to those who are innocent. Even if someone is found guilty of a crime and has their details put on the DNA database, what happens when they have served their sentence? Someone has to have been arrested for their DNA to be taken, and if they are then let go without caution or charge, so be it. It is possible that, at some point, the process could lead to refusals. If someone who had been arrested were, for example, to apply for a job in a bank or as a pilot, there might be stigma attached—especially as the details spread throughout the EU—simply because they were on a database, and the distinction between being innocent and guilty might not be made. There are inherent dangers and the future of an innocent person might well be blighted at some point because many people believe that there is no smoke without fire.

The exacerbation of the problem of this database by stealth, particularly with regard to disproportionality, pertains to police discretionary powers. That is a debate for another day, but the result of the process in itself is disproportionality. That is exacerbated greatly by the DNA profiling that can now be carried out through the advance of science, which allows us to tell from DNA the ethnic mix of blood and, therefore, where a person might come from. There was a case in south London where 1,000 people of interest were asked to volunteer a DNA sample, all of whom were black because in this case the test would not hold water for the European white population. After such sweeps, the DNA is destroyed, but those who gave a sample were asked to sign a voluntary agreement that their DNA could be retained. Such processes contribute to the further disproportionality of our DNA databases.

Along with the details of the innocent, the Minister is storing up problems for the future. I want him to answer those questions. It is not appropriate to continue along our current path without having a debate on the matter in the House of Commons in the proper way. There are too many dangers and risks involved. People's civil liberties are at stake.

5.17 pm

Michael Fabricant (Lichfield) (Con): It has been a far-ranging debate. I congratulate the Committee on its report, "Forensic Science on Trial". However, it is not just forensic science on trial, but science. We have heard about higher education in the UK and the future of the Forensic Science Service, which is of some concern to many hon. Members. The FSS has given good service to justice in the UK, and it is not in anyone's interest—certainly not that of Government—for it to be damaged in any way, particularly if that were on the altar of it becoming a GovCo, and possibly a PPP initiative.

We have also heard about training for the FSS and forensic medicine in general. The hon. Member for Brighton, Kemptown (Dr. Turner)—some might say he is my MP, because that is my original stamping ground—spoke about the chemistry department of Sussex university. I undertook my master of science degree at Sussex, although not in chemistry. It is not just Sussex university that is suffering from a degradation in science studies, but others.

We have heard about the type of degrees that one might do in forensic science. There are 50 courses and 350 combinations of courses. Some examples were given, such as forensic science and music, religious culture and forensics. The phrase "Mickey Mouse" courses was used, but perhaps that is a little unfair. The aspirations of students are very important. Do they seriously expect to go straight into forensics with a degree in forensic medicine and media studies, which the Minister gave as an example from a sedentary position? The clear answer has to be no. As the hon. Member for Brighton, Kemptown said, clearer guidance should be given to students regarding what their expectations of going into forensic science might be, given their particular course.

Another tremendously important area discussed was the assessment and interpretation of evidence in courts, not only by the lawyers who present the evidence but by the jurors. One contributor spoke about a study being undertaken by the Home Office on how juries make their decisions. It is a dangerous path to tread. However, it is important. The example was given that one juror might have scientific knowledge—or claim to—and persuade the other 11 to give a guilty or not guilty verdict.

The real problem in this country—I have argued this for a long time and it does not happen so much in the United States—is that we tend to get either artists or scientists, and ne'er the twain shall meet. Whether it is because of our A-level system, which forces us to study three or four subjects from the age of 16 onwards, I do not know. However, it is a fact that we often end up with inarticulate scientists and innumerate artists. Incidentally, I did a law degree but with double maths, physics and English A-levels, which was most unusual. I think that I was the only person doing a law degree with any sort of science A-level background. I thought that it would help me to be a better lawyer; clearly, it has affected my ability to be articulate, but that is why I became an MP instead.

It is important that lawyers are given training in some aspects of forensic science. They are certainly given professional training in the rules of evidence, and a subset of evidence is forensics. However, there is no

[Michael Fabricant]

training in that at present, as far as I know. I hope that hon. Members who did their professional exams more recently than I did can correct me if I am wrong, but I am convinced that there is no training in that at all.

That is why we get the problems that the hon. Member for Oxford, West and Abingdon (Dr. Harris) talked about, where people who give professional evidence in court in good faith as so-called experts—often they are experts—are vilified by untrained journalists and, I am afraid, politicians. There has been a lot of talk about the DNA database, which is maintained by police forces in the United Kingdom. I speak not for my party, but personally when I say that I have no objection. If Parliament wanted a DNA database for the entire population, and that was Parliament's will, I could see some advantages. It would not only help in the detection of crime, but have huge importance in epidemiology—

Dr. Evan Harris: Paternity.

Michael Fabricant: Yes, and paternity. It would help in epidemiology and the understanding of the spread of disease, genetically and in general. However, as so many hon. Members have said, that has to be a decision for Parliament. It should not be a decision for individual chief constables or, in some instances, those who rank below chief constable. That is plainly wrong. We are ending up with a sort of Untermenschen: those who are found to be innocent or voluntarily gave their DNA and are kept on a database, while others are not. That is clearly unprofessional and wrong and Parliament needs to take a view.

My hon. Friend the Member for Kettering (Mr. Hollobone) raised some interesting points about the forensic service in his police force. He said that this need not be about just the national Forensic Science Service, but that police forces too can have a forensic service. He spoke eloquently and proudly about the service that is maintained in Northamptonshire. It would seem that Northamptonshire police are a beacon with that service. It would be a dreadful shame if that service and detection rate were lost because of the mergers proposed by the Home Office. My hon. Friend the Member for Braintree (Mr. Newmark) also spoke at some length about the need for training for lawyers, which I mentioned earlier. There need to be professional exams on rules of evidence. A series of issues have been raised.

I want to move briefly on to the Government's response to this excellent report. I do not want to sound pompous, or rather grand, like a great parliamentarian—I use that phrase and pronunciation very carefully—but I have served on the Culture, Media and Sport Committee, on the National Heritage Committee, as it was called previously, under the great chairmanship of the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman), and briefly on the Home Affairs Committee under Robin Corbett, who is now in the other place, and I have to say that the Government's response to this report takes the biscuit. The hon. Member for Brighton, Kemptown said that they use weasel words; he was being positively generous.

I have an example—it is quite extraordinary. The response contains marvellous examples of political correctness and political speak. Paragraph 4 cites paragraph 42 of the report, which states:

> "The Home Office's evidence clearly implies that, contrary to the impression given in its earlier statement, progression to PPP could indeed occur in the absence of agreement by all stakeholders that this is the best way to proceed. It is hard not to interpret the statement as an attempt to mollify those who opposed the PPP by using deliberate obfuscation."

What is the Government's response?

> "The Government has engaged in full and ongoing consultation with stakeholders".

Come on. "Ongoing"? Do we use that word nowadays? Clearly the Home Office does, and it went on at some short length to try to justify the Government's standing on that subject.

We hear in the report about the Government's track record at managing PPP projects. It states:

> "High-profile problems have arisen, for instance, in the PPP projects for the national air traffic control system and the new IT systems for the Child Support Agency and the Magistrates' Courts".

We cannot just blame the poor old Home Office and Home Office Ministers. The national health service computer system is an absolute disgrace and a disaster. It is costing the country and taxpayers a fortune and *Computer Weekly* recently said that the data contained on it are open to hacking. One has to wonder whether the DNA database is also open to hacking, as was mentioned earlier.

Professor Jeffreys said in his evidence that there could be significant cost implications associated with the collection of 16 markers for each profile. That was in connection with whether there should be 10 or 16 markers for DNA evidence, which comes back to identifying the probabilities and certainties of whether DNA evidence is always accurate. We have heard examples of how fingerprinting may not be accurate. There used to be an assumption some years ago that, if a fingerprint matched up, that person had to be guilty. We heard a good example today of how that might not be the case. Similarly, although DNA is a powerful tool in detecting miscreants, we must not always assume that a DNA match means 100 per cent. that the person is guilty. Clearly, that is not the case.

I do not want to detain hon. Members. We have heard some excellent speeches by hon. Members from all parties. Some serious questions have been asked of the Minister by Government Members as well as Conservative and Liberal Democrat Members. I do not want to shorten the time available to the Minister so that he cannot respond fully. It has been a full and helpful debate, and I hope that he will do the Chamber the courtesy of answering those questions in detail.

5.29 pm

The Parliamentary Under-Secretary of State for the Home Department (Andy Burnham): It is a pleasure to see you in your elevated position, Mr. Pope. I congratulate you on that promotion and on another promotion giving you cause to smile—that of Accrington Stanley to the football league. It is a good time for you, Mr. Pope, with two promotions following hard on one another.

I, too, thank the Select Committee for what has been an excellent debate. As the hon. Member for Lichfield (Michael Fabricant) said, there have been some truly excellent and distinguished contributions, by hon. Members who have a great deal of expertise in the field. The range of contributions shows the level at which the Committee has engaged with the issues. I welcome that indeed.

The distinguished Chairman of the Committee, the hon. Member for Harrogate and Knaresborough (Mr. Willis), referred to English graduates at one point, so I hope that he will not hold it against me when I say that this humble English graduate is being tested to the full today. My solitary O-level in biology is being stretched to its limits by the Committee, but I shall do my best.

The Committee is not celebrating its achievements enough. The publication of the report, under the then chairmanship of my hon. Friend the Member for Norwich, North (Dr. Gibson), since followed up assiduously by the hon. Member for Harrogate and Knaresborough, has led to an unprecedented focus on forensic science, certainly in this place. Mention has been made of the Adjournment debate on 18 October last year and the oral evidence, when three Ministers came before the Committee. The hon. Gentleman may not like the fact that we do not meet more often, but that was an unprecedented development and a welcome one. There was the debate on the revocation of the trading fund order that allowed us to establish the GovCo, which was also used for a wide-ranging debate on the Forensic Science Service. There was also a recent debate on the national DNA database, as the hon. Member for Hornsey and Wood Green (Lynne Featherstone) said. I do not believe that there has ever been so much scrutiny or focus in Parliament on such matters. That focus is to be welcomed, and the Committee's report has played a vital role in stimulating the process.

I carefully read an article that the hon. Member for Harrogate and Knaresborough wrote in *The Times* this week about the report and the follow-up to it. If I read the article correctly, the tone was one of disappointment and chiding, saying that more should be done. That is why I say that the Committee should celebrate its successes more. The hon. Gentleman finished by saying:

"The case for complacency needs to be proven."

However, complacency does not at all characterise the Government's attitude. Through the DNA expansion programme, the Home Office has been investing unprecedented resources into expanding the use of DNA and, more generally, the quality of science available to our police forces.

To refer to the point that the hon. Member for Kettering (Mr. Hollobone) made, those resources have gone directly into the capacity of police forces. There have been enormous levels of activity, which will ultimately knock on to the courts because, as was said, more evidence will come before the courts involving forensic studies and DNA.

Although the Committee might not achieve every recommendation in its report, I hope that the hon. Member for Harrogate and Knaresborough will accept that there is progress on its substantial points. I shall go through the main issues that the hon. Gentleman itemised and draw out some of the observations that other hon. Members made. The hon. Gentleman's main issue was the changed status of the Forensic Science Service. I am well aware of his concern and that of the Committee but, to be clear, there is anything but confusion. I am extremely clear about the process that we have under way and I should like to reassure him and the Committee about that.

Two significant developments have taken place since I gave evidence before the Committee. The first was the revocation of the trading fund status and the creation of the GovCo in December 2005. That was a major development, but in the end it happened smoothly and without great uncertainty. I am pleased to say that the FSS has settled down well and has taken to GovCo status quickly.

Secondly, I gave the hon. Gentleman my commitment during the Committee sitting that I attended to publish the criteria on which we would judge any further change in status to a PPP. For the avoidance of any doubt whatever—I say this directly to my hon. Friend the Member for Bolton, South-East (Dr. Iddon)—I can say that no irrevocable decision has been taken. Indeed, to pick up the points that my hon. Friend the Member for Brighton, Kemptown (Dr. Turner) made too, when I introduced the revocation of the trading fund order in December, I was persuaded that more time needed to be given. I was influenced by the Committee that day. I am sure that my hon. Friend pushed me more than once on the GovCo needing to be given time to bed down, get used to the new status and the new freedoms available to it, and have a chance to succeed in its own right. That is the phrase that we have used and it is a phrase that I will repeat and stick by. I extended the minimum time in which we said that no decision would be taken. We had said that no decision would be taken before December 2006, but in the course of that debate we said that no decision would be taken before the summer of 2007. We did not go for the full two years that my hon. Friend asked me for today, but I hope that he does not feel that we are not listening. We are, and I responded directly to some of the points that he made.

The hon. Member for Braintree (Mr. Newmark) mentioned limbo. It also would not be right to have a prolonged sense of limbo. We need clarity and an open process and, when the time comes to make a decision, to be clear about it and allow the FSS to have certainty about its future, because a prolonged period of uncertainty is not in the interests of the service.

We published the criteria on 29 March. They set out the four key areas by which we will judge the GovCo in due course. To conclude on this point, however, I repeat that no decision has been taken. I have been keen to give the FSS time to adapt to its new GovCo status, and to see what benefits it brings and how the service can use them to improve its operation.

To recognise the point made well by my hon. Friend the Member for Bolton, South-East, I note that changes are taking place in the forensic science market. There was recently a major merger of the two other players, which will have an impact on the marketplace as a whole. He mentioned that I had identified the needs of the criminal justice system as the paramount concern in judging the criteria. That has to be at the forefront of any discussion.

[Andy Burnham]

The second itemised criterion is the state of the UK forensic services marketplace. Of course the issue will be informed by the matters that the hon. Member for Harrogate and Knaresborough raised, and we shall want to consider them extremely carefully. At the end of the day, our first consideration should be the quality of the service provided to the police and the criminal justice system. That is what we are about. I am sure that we could all unite behind trying to achieve the highest quality of provision. That should be the key point that determines our discussions.

We have laid out a clear way for the FSS in the statement. I hope to assure hon. Members that I will certainly continue to deal with the process openly and with straightforward responses to questions. Where we can give information on performance, we will of course seek to do so. To pick up the concerns that my hon. Friend the Member for Brighton, Kemptown raised, the process should not be secretive, but nor can we compromise the FSS as it seeks to enhance its position in the marketplace. We need to make that balanced judgment, but I can give the Committee many of the assurances that it wants on such matters.

To pick up on the point that the hon. Member for Harrogate and Knaresborough made, I do not think that it is wrong for the Home Office to take the balanced, rounded view. We have the broadest possible view, in considering the interests of the police, the criminal justice system and public safety in the round. We are well placed to make that decision. As I tried to outline, we need to balance all the factors and criteria.

The hon. Member for Harrogate and Knaresborough mentioned FSS staff pensions. It is true that the staff are now public servants rather than civil servants. As such, they are no longer entitled to accrued benefits within the principal civil service pension scheme. However, the terms and conditions are broadly comparable. I will be visiting the FSS at Chorley tomorrow morning, and I am sure that the trade union representatives and I will be engaged on those matters. I meet them regularly, and I know that they are constantly updated.

Several hon. Members spoke about the national DNA database, which is of considerable interest at the moment. I make it plain that Parliament has taken a view on the national database. The extension of police powers to collect information was debated in Parliament, and a positive vote was given on those precise matters. Colleagues will remember that the question originated in a ruling by the House of Lords, when DNA evidence that was deemed inadmissible because there was no legal basis on which it could be retained, could not be introduced in a rape trial, even though it would have provided conclusive proof in that case. It is not true that Parliament has not been consulted.

Michael Fabricant: Will the Minister give way?

Lynne Featherstone: Will the Minister give way?

Andy Burnham: I shall use the time remaining to me; I have only a few moments, and I want to address more of the points raised this afternoon.

The hon. Member for Hornsey and Wood Green said that if the Government were building a database by stealth, they should say so. We are not. We have no intention of building a national DNA database covering everyone in the country, even though others might favour such a proposal. Only a small number of people—about 30 highly security cleared individuals—have direct access to the national DNA database. The hon. Lady said that an assurance had not been given on the subject; I have given that assurance before, but I repeat it. It involves only a small number of highly cleared people. It is not true that the DNA database can be accessed from police stations. There are strict controls on who is able to gain direct access to that information.

The hon. Lady asked about the sharing of information and the principle of its availability in Europe. It may be in our interests to co-operate. The DNA database holds details of unsolved crimes as well as those of individuals. I hope that by sharing some of our information on unsolved crimes with European colleagues, we can solve crimes that have remained unsolved for many years. I want to see more, not less co-operation.

A further safeguard that the Committee can be assured of is that the statutory purposes of the national DNA database are clearly laid down in statute. Those purposes do not include use in the divorce courts or in the other places about which there was speculation. The statutory purposes are clearly linked to the prevention and detection of crime. That is the clear focus of the database. Those provisions were amended by Parliament to include the identification of dead bodies, following the awful tsunami in south-east Asia. That change, too, had the support of the whole House. The statutory purposes of the database are clearly limited in law, and people will welcome that.

Many other issues were raised today, and in the normal run of events I would give hon. Members a full answer. I shall seek to write to hon. Members who raised specific points.

I was pleased to hear about the developments in the constituency of my hon. Friend the Member for Bolton, South-East with Zentek Forensics; I hope that my constituents, too, might benefit from that.

I heard what the hon. Member for Kettering said about police force expansion, but I was completely unconvinced by the logic of his argument. In fact, I think that a strong argument can be made that larger police forces would use science far more effectively and invest in it far more strategically.

I cannot do justice in the time available to the legal issues raised by the hon. Member for Oxford, West and Abingdon (Dr. Harris). I assure him that commitments given by the Attorney-General to the Committee in November have been—

It being fifteen minutes to Six o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Tuesday 25 April 2006

[MR. CHRISTOPHER CHOPE *in the Chair*]

First Great Western Franchise

Motion made, and Question proposed, That the sitting be now adjourned.—*[Gillian Merron.]*

9.30 am

Mr. Anthony Steen (Totnes) (Con): First, I wish to thank you, Mr. Chope, for ensuring that this debate takes place, if you did so; if you did not, I must thank Mr. Speaker. The debate could not be more timely, or better attended, as Back Benchers of all parties are present and will wish to catch your eye. That is most unusual in a 9.30 am debate in Westminster Hall.

I have been a train enthusiast all my life. I have two historic steam train lines in my constituency, with which I am actively involved—if not on the footplate, I certainly give them all the enthusiasm I can. Trains have a long and prestigious history in my constituency.

Every train journey offers a sense of adventure. Everyone feels that rail travel has a romantic mystique; rail journeys provide a sense of wonder to us, as we whistle past the countryside. Train transport has been one of the great and most glamorous means of getting around the world. An illustrious former resident of my constituency, the late Agatha Christie, set many of her adventures and murder stories on trains. I have been an MP for south Devon constituencies since 1983. The total train miles that I have travelled during that period would have taken me around the world several times—if not to the moon and back.

Transport is allegedly one of the three priority policy areas of the current Government. However, in spite of an enormous growth in passenger rail travel, there has been absolutely no improvement in the western region rail network as a whole. The south-west is one of the most neglected regions in the country in respect of public transport. Although Britain is the fifth largest economy in the world, the west country still has a 1960s rail infrastructure, making it difficult to run fast, frequent and reliable services there.

The importance of fast, frequent and reliable services for the economy and for tourism cannot be overstated. We need to have a three-hour Paddington to Plymouth service. The December 2004 timetable demonstrated that Plymouth was, at last, again located three hours from London, as it had been in the '70s and '80s, with two daily services up and three down achieving the three-hour timing. The Transport Committee repeatedly recognised a three-hour threshold—not three hours and a bit, but three hours—as the maximum time that most inward investor location search engines regard as their cut-off period. The Plymouth three-hour journey time has also acted as the benchmark requirement for Network Rail to deliver sustained maintenance standards and new investment in order to allow the necessary line running speeds.

The Government have announced the commissioning of a new fleet of 125 mph high-speed trains, but they will not come into service until 2015—in nine years' time. That is simply to replace the current 125 mph trains that were introduced in the 1970s. Therefore, in nine years' time we will get trains that go no faster than those running in the 1970s. Worse, the new and existing 125 mph trains are operationally restricted by the maximum speed that is permitted along the entire 300-mile length of the Reading to Penzance main line, which is merely 110 mph, and in many places very much less than that. If the speed limit were 125 mph, Paddington to Exeter would be attainable in less than one hour and 50 minutes, Plymouth could be reached in less than two hours and 40 minutes, and the time to Penzance would be four hours and 30 minutes. The Government must upgrade the Great Western main line so that high-speed trains can travel at the speed they were built to travel at in the 1970s, and will again be built to travel at in 2015.

The high cost of travel acts as a deterrent to business and tourists. The first class return train fare from London to Totnes is now more expensive than a British Airways economy return fare to San Francisco. People can fly to the European Union capitals in less time than it takes to go from Totnes to London at the weekends.

The impact of a reduced rail service on CO_2 emissions and road congestion might be of interest to the House—it is also an extremely topical issue. One would have thought that the Government would have done everything possible to ensure that train travel was more attractive in terms of both speed and cost than car travel, but they have not. If they were environmentally conscious in any way, they would have understood the impact of CO_2 emissions from road congestion, which will get worse if services to and around the west country continue to be reduced. The Government policy should be to get people off the roads, but we learn from last Sunday's newspapers that, on the contrary, thousands of miles of new roads are planned, but no new railways.

A new track should be laid between Exeter and Plymouth along the line of the A38. That would cut half an hour from the journey time to and from the capital. If the speed limits were increased from 110 mph to 125 mph from Reading to Exeter, the journey to and from Exeter would be about one and a half hours. If we were in China or the Chinese were here, that new track would have been built within a year, but the Government have not even given it the consideration it deserves. Instead, the track follows the Brunel line of the 19th century, hugging the coastline, which is threatened by global warming.

As my right hon. Friend the Member for Witney (Mr. Cameron), the leader of my party, said yesterday, we must give people, and particularly those living in our towns and cities, serious travel options that do not involve the car. As the TUC said in "Making South West Work Better", its 2005 regional economic strategy paper:

> "Carbon emissions from transport in the UK are rising rapidly. Transport is currently responsible for 26 per cent. of the UK's carbon emissions. The growth of road and air transport has resulted in a significant increase in greenhouse gas emissions over the past decade."

Although the Department for Transport recognises that, and is responsible for helping to deliver reductions in CO_2 emissions, it has totally failed to do so.

Last year, cars emitted 19.39 million tonnes of carbon equivalent into the atmosphere, and 11.68 million tonnes of carbon equivalent came from other

[Mr. Anthony Steen]

commercial vehicles. Domestic and international aviation accounted for 8.67 million tonnes, buses for under 1 million tonnes—970,000, to be exact—and diesel rail for only 260,000 tonnes. That gives some idea of the scale of the problem from motor vehicles: to repeat, 19.39 million tonnes of carbon equivalent that goes into the atmosphere comes from cars, and 260,000 tonnes comes from diesel rail.

Mr. Michael Ancram (Devizes) (Con): I congratulate my hon. Friend on securing this debate. I must also declare what I might call an informal interest: the line to which he refers runs 10 yd away from my house, and the high-speed trains shake it gently as they pass, so the idea of faster trains causes me a little alarm in respect of its structure.

However, my hon. Friend is making a point about the effect on the environment. He is also discussing long-distance trains, but, like me, he represents a rural area, and I ask him to reflect on the effect on local rural services. In the town of Melksham in my constituency, where usage has gone up by a factor of nine over the past few years, the services will be cut from one every two hours to two round trips a day. The effect on traffic in my area will be enormous. At a time when we are talking about the importance of the environment, it seems very strange that the Government are acceding to a reduction in services in places such as Melksham, which will be bad for people's transport, for the mobility of elderly people and for jobs.

Mr. Steen: My right hon. and learned Friend must have seen the later parts of my speech, although of course I do not accuse him of cribbing from it. There has been a 40 per cent. increase in commuter traffic in rural areas, but a reduction in the rail service; it is absolutely mad. I shall come on to that. I am most grateful for his intervention, and I am sorry about his house; perhaps he should move.

I have some figures that hon. Members will be interested to hear on carbon dioxide emissions, in kilograms per passenger per journey, for the journey between London and Bristol. By modern diesel rail, the amount is 10.6 kg, and by car it is almost double: 21.3 kg. Recent Government figures show that, on the journey between London and Edinburgh, the average passenger travelling by electric train is responsible for about 12 kg of CO_2 emissions; by car, the journey burns up 70 kg of CO_2 per passenger. By air, the figure is nearly 100 kg. If we really have concerns about the environment, we should be encouraging the maximum number of people on to the railways, not the roads.

Paradoxically, although road transport emits six times more CO_2 per passenger mile than rail, motoring costs have fallen, and although rail is far more carbon-efficient, rail fares continue to increase sharply. A moment ago, I illustrated that with the fact that it is cheaper to fly economy with British Airways from Heathrow to San Francisco, return, than to get a London-Plymouth first class rail return. That gives some idea of the level of fares.

Rural Devon roads cannot handle any more traffic. The same point was made about Wiltshire by my right hon. and learned Friend the Member for Devizes (Mr. Ancram). My Urban Regeneration and Countryside Protection Bill, which I introduced six years ago, was talked out by the Government, but it would have played a part in not allowing more building or development if the infrastructure was not in place, and that would include roads and rail. The economic growth of the south-west depends on modern and efficient transport corridors, pre-eminent among which must be a top-class rail network.

I want to deal with the minimum specifications in the Government franchise document. It is important that we get the subject out of the way, so that the Minister has an opportunity to answer on this point. In preparing the franchise document, the Department for Transport came up with the minimum service level commitment timetable. I do not know how it was worked out, but the civil servants who produced it clearly did not know the region, or understand the work patterns of the people living in it. It was hopeless, inappropriate, inadequate and against the interests of those living in the west country.

The December 2004 timetable should have been the baseline for the Department for Transport's timetable. Why? Because it was developed over a three-year, post-Hatfield period in open collaboration between the train operators, Network Rail, the local authorities, passenger groups, and business and tourism groups. For that reason, it was welcomed and accepted by all such groups. Yet the timetable that emerged from the Department for Transport took no account of the 2004 timetable, and completely ignored the objective 2 status of Plymouth and its need to be within three hours of London. The Department for Transport timetable has done the Government considerable harm and has caused immense friction and anger throughout the region. It is as inexcusable as it is inexplicable.

One thing that the Government did get right was their decision to continue the franchise with the FirstGroup. The company understands the area and responded quickly and correctly to the avalanche of representations made by the county and district councils, commercial and voluntary organisations, the TUC and others. I thank the company for its measured and sensible approach, in dramatic contrast to that of the Government. The Government were content to allow trains to and from Totnes to be reduced by 50 per cent. I was deluged with letters from angry and concerned constituents, and that anger spilled over into a protest on the platform itself.

I must pause to deal with two questions that I tabled and their answers, because they show the Government's view on the subject. I asked the Secretary of State

"why his Department's tender document for the West of England franchise specifies a reduction in the number of trains calling at Totnes",

and the Minister who will reply today said:

"The Great Western Franchise specification was designed to improve the overall operational and financial performance of the train service and to ensure resources were used to best meet market needs. The timetable on each route, including Totnes is derived from these requirements.

Most passengers in the Great Western Franchise area will see the same or improved service",

but not those in Totnes. He continued:

"First's consultation on their draft timetable has now closed and First are in discussion with the Department".—[*Official Report, House of Commons*, 27 March 2006; Vol. 444, c. 630W.]

In a second question, I asked the Secretary of State

"what criteria the Department used in deciding to specify in the Greater Western Franchise that the first train from London to Totnes should not arrive before midday on weekday services."

That is what was going to happen. One would not be able to get to Totnes, which serves the whole south Devon area, before midday. The answer was:

"The specification for the Greater Western franchise was set to achieve value for money for the taxpayer and the travelling public and provide the best service for the greatest number of passengers across the franchise."—[*Official Report, House of Commons*, 19 April 2006; Vol. 445, c. 711–12W.]

That is just not true. The Government were proposing not the best service, but the worst possible service. So much so that at the first round of discussions, First Great Western ensured that the first train will stop at Totnes way before midday. In my view, all that the Government were concerned about was getting their £1.2 million a week, with no regard for the consequences for the travelling public. If they did not like it, they could go by road—that was the Government's attitude.

I pay tribute to First Great Western's management team for understanding the west country people and for listening to the rightful concerns of public authorities, businesses, private companies and, above all, local people. As a result of the appalling muddle and the Government's mismanagement, there can be only a few people in the west country who feel that the service is better run by the Government.

Mr. Don Foster (Bath) (LD): The hon. Gentleman puts a lot of the blame on the Government, and I understand why, but I wonder whether he can help me. I am in a difficult situation because I have letters from the Minister in which he assured me that at Freshford and Oldfield Park stations, there would be an hourly train at off-peak times and two trains an hour at peak times. He says in the letter that the plans

"represent my Department's intentions for these stations. This is being made clear to the bidders for the franchise".

So the Government had a clear intention. For me, the problem is the other way round: under the timetable, there will not be those hourly services; there will be a two-hour gap. There will not even be two trains an hour at peak time—*[Interruption.]*

Mr. Steen: My hon. Friends are helpfully answering the hon. Gentleman. In spite of their comments, he is really making the same point as I am about the reduction in services. Whether it is the Government's fault or the operator's, and whether or not there are too many trains on the line, we are making the same point. We want more and faster trains, and we want more people off the road. I could not agree with him more. I do not know about his particular problem because I am not a train operator, but the issue is absolutely clear.

Mr. David Drew (Stroud) (Lab/Co-op): I was a little taken aback when the hon. Gentleman said that the Government should get all the blame and First should get all the credit. I do not know whether he has looked in detail at the subsidy arrangement involved in this franchise. First probably was the best bidder, but let us consider what it gets out of the arrangement. It admittedly takes some risk, but it also gets the profits, some of which may be shared with the DFT. If the predictions of increased passengers and rail fares are not right, there will be a disproportionate burden on the Government to pick up the impact of the potential losses, so the arrangement is not quite as good as is being suggested. I would argue that the state has not got such a wonderful deal out of the arrangement. What are the hon. Gentleman's comments on that?

Mr. Steen: I am not going to make any comments on that at the moment, but the point will be noted by the Minister and by my colleagues.

I come now to the number of trains from Totnes to Exeter and from Totnes to Plymouth during rush hour. The roads around Totnes and the A38 are jammed as people travel to and from work by car. If regular trains travelled in both directions at the right price, a great number of people would go by train rather than use fuel and park their cars in the town centres. Why do people not travel by train? Simply because the number of trains is being reduced, fares are too high and coaches are being crammed to the gunnels.

Some trains that stop at Totnes have only one coach; others have only two. So full are they that schoolchildren are virtually swinging from the chandeliers. People understandably prefer their own cars. *[Interruption.]* I should say to my hon. Friend the Member for North Wiltshire (Mr. Gray) that I do not think trains have chandeliers in his part of the world.

Rural rail services have been cut, despite their growing popularity. Passenger numbers on ill-fated branch lines have increased by up to 40 per cent. in recent years, and the branch lines across the west country will lose up to half their daily trains. That list is borne out by the concerns of my hon. Friend the Member for Tiverton and Honiton (Angela Browning) about the Barnstaple to Exeter line. She wished to talk about that today, but has not been able to come—mind you, she probably would not have got in. The Barnstaple to Exeter line is greatly used by commuters.

The reduction in rural services has nothing to do with CO_2 emissions or passenger convenience: it is simply about reducing the rail network's £5 billion annual subsidy. The cuts in rural services are as great as when Beeching axed the line in the '60s, and literally thousands of west country people use the roads and increase CO_2 emissions because of them. It should be quicker and cheaper for such people to travel by train, but it is not. It is sheer madness to cut rural local services that are used by increasing numbers of local commuters when we should be encouraging such services to the maximum.

I give the Government credit for one thing. I am delighted that we have managed to save the sleeper to Penzance. When I was Member of Parliament for Liverpool, Wavertree, the right hon. Member for Birkenhead (Mr. Field) and I played a part in saving the sleeper service to London, which was going to be axed. I am only sorry that when I moved to south Devon in 1983, that commitment was not continued, and the sleeper service no longer exists. I pay tribute to Lord Freeman, then Transport Minister and responsible for the first franchise document for the west country. He took little persuading that the night sleeper to Penzance should continue.

The only snag now is that as a result of rearrangements suggested by the Government, we have got rid of the Plymouth coach. One finds oneself at

[Mr. Steen]

5.50 am, having come down from London, standing on the platform with nowhere to go and nothing to do. In the winter it is very cold.

The unreliability of the timetable is such that some say that there is no point in there being one at all, and that we should just go to the station and see what turns up and where it is going. Such jaundiced remarks come from regular commuters who despair of ever having a week free from catastrophe or delay; on the line there may be leaves, or cows or other animals that seem to have a fascination with train lines and have become the keenest train spotters of them all. It is convenient to blame First Great Western for unreliable service, but it is as well to remember that at least 50 per cent. of all delays are caused by track or signalling failures or a combination of both.

Finally, I come to the question of the track. The situation of the infrastructure is a major cause of ongoing delays and is blamed on the fact that 78 per cent. of the rails were laid before 1970. The approach of Network Rail does not give priority to the needs of the travelling public. For example, after track repairs, temporary speed restrictions are unnecessarily low. Similar priority is given to two or three trains from the Mendips carrying stone each night, which prevents weekday night work on the entire Reading to Taunton track. Network Rail needs to be more flexible and more consumer oriented and to ensure that the speeds allowed after repair are much greater.

For example, when the track was nationalised under British Rail, there was a 100 mph restriction after repair. Until January this year, the restriction was 20 mph after repair. That has been increased to 50 mph, and we should be grateful for that, but such restrictions knock the west country timetable sideways and throw it out of the window. The knock-on effects throughout the day mean that trains run unnecessarily late. The bulk of mainline repairs using modern equipment is done on weekday nights and at weekends, but not on the Reading to Taunton line. That means that on Sundays all passengers from Penzance upwards go via Bristol. I had such an experience on Sunday; I very regularly take five to six hours to get back to London by train. That is not acceptable on a Sunday, and the trains are packed as well.

Network Rail faces an enormous problem, but enormous problems were faced when I dealt with British Rail and Railtrack in the '80s and '90s. There have always been enormous problems with the track, and although it is true that more money is being spent—£46 million this year and £53 million next—on the Reading to Penzance route and that there is a high budget for track renewals, it remains true that even with a revised timetable it will be progressively more unlikely that trains will ever arrive according to their scheduled times.

That is the result not of breakdowns of engines or rolling stock, but simply of Network Rail commandeering sections of the track and forcing the railway to go on an alternative route. There are too many speed restrictions, they are too onerous, and more imaginative and progressive ways must be found to deal with engineering requirements. However, I am impressed by the spirit with which Network Rail is addressing such matters: the regional controller for the area is very enthusiastic and hopes that he can deliver—but there have been such hopes for the past 25 years.

The centrality of the track problem to the whole issue is illustrated by the fact that if the engineers upgraded the track from Reading to Taunton so that high-speed trains could travel at 125 mph rather than 110 mph, Exeter, Plymouth and Penzance could be reached much faster.

As the programme of track replacement proceeds, with a quarter of it having to be relaid in the next three years, it is important that deeper and thicker rails should be laid and not cheaper ones from eastern Europe. Will the Minister confirm that the best steel will be used and that the general quality and design will last for years to come?

There are further obstacles that will have to be surmounted, given the entire refit of Reading station and the introduction of Crossrail. Those two developments must not be used as an excuse for further delays, but inevitably they will. I am doubtful whether we will be able to go from Plymouth to London by train in three hours; it will be nearer four or five hours—that is why people take to the road.

Last but not least, I turn to the track at Dawlish. Climate change is already adversely affecting it: raised sea levels are causing more regular spray on to the track and halting services. On a recent visit to the Met Office in Exeter, I was left in no doubt by the forecasters that in the next 50 years rising sea levels will mean that the line beyond to Penzance will be closed for more days each year. Yet Network Rail and the Government continue to reject any suggestion that I make about providing, or even preparing for, an alternative route. An Exeter to Plymouth line along the A38 would, of course, solve that problem, as well as having other clear advantages.

The west country has only one line each way from Exeter to Penzance, and we have an outdated line, which is too slow, between Reading and Exeter. Major repairs are afoot. Reading station is to be brought into the 21st century—thank you, but at what cost?—and Crossrail is to bring trains from all over the north of the country straight down to the channel tunnel and the south coast. All in all, there is a massive programme for change, but today, public train services to and from the west country have in no way improved and in many cases have dramatically declined.

No wonder more and more people are taking to the roads in droves: their journeys are faster and cost dramatically less. This debate is an indictment of the Government's commitment to public transport and a reminder to those of us who live in the west country that they have little time for us and little regard for how we live our lives and the economic prosperity of the region. The Government could do a great deal to put things right. If the Minister has the will, there will be a way—but has he the will?

There are appalling delays on the railways, overcrowded out-of-date rolling stock and a railway company desperate to see things improve but hampered by the lack of basic requirements: a first-class track, reliable signalling and good communications systems. That lack will lead to ever greater congestion on the roads and ever increasing CO_2 emissions.

I have delayed asking for a debate on this issue for 20 years, because each year I hope that things will get better. However, the situation has got worse. In its original state, the new franchise timetable would have been an unmitigated disaster. The only chink of light is that First Great Western has won the new franchise and is as determined as I am to see, in my lifetime, improved, reliable, fast, comfortable and reasonably priced public rail travel.

9.59 am

Alison Seabeck (Plymouth, Devonport) (Lab): I apologise to Members in the Chamber as I shall not be able to observe the usual courtesies and prolong my presence here beyond my speech. I am going to uphold the honour of the Commons against the Lords in a charity swim that is a long-standing commitment. I hope that Members will forgive me.

It is an enormous pleasure to follow the hon. Member for Totnes (Mr. Steen), whose knowledge of rail matters is well known. From his comments, it is clear that his postbag, like mine, has been filled with letters expressing concerns about the rail service in the south-west.

Rail transport in the south-west has been one of the dominant issues that I have encountered since I became the Member for Plymouth, Devonport a year ago. The transport needs of the south-west are many, including air and road links, and they are all equally vital. It is the largest geographical region in the country, and it is very sparsely populated. If we are to avoid complete dependence on the car, branch lines feeding into cities such as Plymouth are essential, as are inter-city links.

Plymouth, which suffers serious peripherality concerns, is a city with an ambitious growth strategy. There are plans to increase its population significantly, by up to 50,000 people. Our economy is doing well. Our skyline is marked out with cranes, and business is looking favourably at the city. However, all those inquiring about establishing in Plymouth ask what the rail links are like. Rail journeys in the south-west have generally increased; they are up by 42 per cent. since 1995. A fifth of the journeys end in London, which indicates just how important the inter-city links are, particularly for business. We need those fast links, and the three-hour journey is essential. We also need the branch lines and the cross-country links that bring workers to workplaces, students to schools and universities, and people to the city for shopping or playing, and for their entertainment generally.

Historically, we have been living with the threat to our rail links. It was thought in 2004, following a detailed consultation, that we had got a timetable with which we could all work. The 2004 timetable seems simply to have been junked, despite the broad support for it, during discussion of what was needed after the Railways Act 2005. That point has been well made. People in the industry, who have much more experience than I do in such matters and who understand the intricacies of rail timetables, did not understand and were not happy with the process that followed that Act. The fact that the detail of the timetable was treated as commercially sensitive and was not published early on along with all the other franchise documentation caused problems.

The people who were best placed to spot the anomalies, clashes and gaps in services—the rail users—were not brought into the process, except by the back door, when people got leaked copies of the timetable. That is not how things should be. The users of the service well understand whether their connections will work or whether, as was the case in the proposed timetable, two trains are scheduled on the same piece of line at the same time. Given that the Secretary of State had inferred prior to the opening of the franchise process that he did not intend to cross all the t's and dot all the i's, we were all surprised at the degree of detail that was apparent in the franchise when we saw the detail of the timetable.

That proved not to be the final word on the matter. There did seem to be some flexibility for the franchisee to make changes. First Great Western listened to the issues that colleagues from across the region and I raised, along with other lobbyists and members of the public, and it has made some changes: there will be four three-hour journey services for Plymouth, not one, and many of the local routes have been reintroduced. However, the vague language sometimes used by First Great Western gives me cause for worry. Terms such as "expected to" and "may" are used in its press releases. Expectation is one thing, reality is another. That is why I am seeking a meeting with Alison Forster, the managing director of First Great Western, and MPs from all parties to discuss, and I hope nail down, some of the suggested changes.

We also want to discuss the concerns raised by my hon. Friend the Member for Stroud (Mr. Drew) about the subsidy and the rail utilisation strategy. The final document has only just been released, although it was apparently published to inform the development of the Government's specification for the south-west franchise. It all seems a little late in the day.

Mr. Drew: I must declare an interest: I have a strong link with the National Union of Rail, Maritime and Transport Workers. Research that it has done for me suggests that First Great Western will do very well out of the franchise arrangement. The Government would also say that they do well, but they do so latterly in the way in which the franchise has been agreed. The missing variable is the degree to which First Great Western has predicated its figures on a substantial reduction in labour costs. Anyone who travels on its trains will know that after 6 o'clock they are denuded of staff. As a group of MPs, should we not take that issue up, to ensure that those staff costs are not cut?

Alison Seabeck: I agree with my hon. Friend, who I hope will join me in the meeting with First Great Western so that we can raise some of those issues directly. I am sure that he will also raise them when he speaks to the Minister.

I hope that the Minister will take away from this debate the strength of feeling that exists in our region and a sense of the importance of rail services to the south-west. I am sure that he will do so, and that he understands that we want further changes in the timetable. Anything that he can do to bring pressure on First Great Western to tweak it further would be welcome. We also ask him to accept the lessons learned from the handling of this first franchise operation and to avoid mistakes when we come to the handling of the cross-country franchise. Will he re-examine the sensitivity issues relating to the publication of the detail

[Alison Seabeck]

of the timetable and therefore enable valuable input from users, whose contribution will otherwise be restricted to generalities? If such things are not done, we will undoubtedly end up back in Westminster Hall in the months after the franchise is awarded and exactly the same concerns will be raised. We all want to avoid that.

Will the Minister also ensure that issues such as platform length are considered as part of the cross-country franchise? I understand that there is scope for some of the cross-country trains to make additional stops to fill in some of the gaps in the First Great Western franchise, but that some of those trains are too long for the existing platforms. If platforms need to be lengthened, there will be investment issues. If the trains are to keep some of their doors shut in order to stop at such stations, there will be health and safety issues. Such issues have been raised with me by members of the public. All those matters need to be resolved before the next franchise is finally awarded.

I would love people in the south-west and beyond to feel the romantic allure of the trains, which was so eloquently described by the hon. Member for Totnes. Unless we can provide a regular and reliable service, we will be unable to coax people even into considering using the railway. The car is far too easy an option and is so much quicker in many instances.

Mr. Ancram: I take the hon. Lady's point, but does she not agree that cars are for those who have them? Many people do not have them, particularly in the rural environment. If there are no trains and an insufficient number of buses, such people cannot get anywhere. That is why I hope that the Government will closely examine the effect of service closures in rural areas.

Alison Seabeck: The right hon. and learned Gentleman makes an important point. One often hears Government officials and others talking about improvements in bus services filling in the gaps caused by the lack of train services. Unfortunately, although there has been some improvement in rural bus services, which we should acknowledge, they still do not meet the demands that exist in the wider Devon area. We need people to be able to get into Plymouth to spend money.

Anne Snelgrove (South Swindon) (Lab): I am grateful to my hon. Friend for giving way, and to the hon. Member for Totnes for calling for this important debate. I represent a largely urban area. The issue for me is the number of people from rural communities such as Chippenham, Melksham and other towns in Wiltshire who will be travelling in by car if train services are cut. The Swindon-Southampton service, for example, is threatened with cuts. We need people to come in by train and not by car for our urban areas to remain viable. Does my hon. Friend agree?

Alison Seabeck: My hon. Friend reinforces my earlier point: such lines are important to Plymouth for exactly those reasons. They bring in money and people to support the urban economy, which in turn supports the wider rural hinterland.

I hope that the Minister will acknowledge our concerns in his winding-up speech, and offer a positive indication of progress for us to take away from this morning's debate.

Several hon. Members *rose—*

Mr. Christopher Chope (in the Chair): Before I call the next speaker, I must inform hon. Members that I shall call the Front-Bench spokespeople from 10.30 am.

10.9 am

Mr. Gary Streeter (South-West Devon) (Con): Thank you, Mr. Chope; I shall be mercifully brief.

I congratulate my hon. Friend the Member for Totnes (Mr. Steen) on securing this debate. It might have been 20 years delayed, but it is extremely timely, because there is hardly a bigger issue in the far south-west than its train service. I commend the hon. Member for Plymouth, Devonport (Alison Seabeck), as she disappears. She has taken a leading role in securing a better train service from the Government and First Great Western, and I pay tribute to her for doing so. Her performance has been impressive and I appreciated what she said in this debate.

I also thank the Government for their part in the change of mind about the three-hour service from London to Plymouth. I am unsure how it came about. I know that First Great Western had a major hand in it. It was of immense strategic importance to Plymouth that it secured that change of heart. The service is a vital lifeline for the city of Plymouth, which is the economic engine for the far south-west: Devon and Cornwall. It was critical that that three-hour journey, made four times a day, remained in place. I am grateful that that seems to have been the position, but I share the anxiety of the hon. Member that it needs to be nailed down and secured to ensure that the three-hour train journey remains in place.

As you well know, Mr. Chope, those of us in the far south-west, which is what I like to call Devon and Cornwall, live in a very peripheral part of the country. The solution to peripherality is first-class transport links. We heard from my hon. Friend about the difficulties caused by everyone piling on to the roads at certain times of the day and year. Our roads system is clogged up and there seems to be no more scope in that regard. It is therefore crucial that our rail links are excellent, which brings me to my main point. I shall focus for a few minutes on one specific fallout from the new specification and new timetable: the impact on the commuter town of Ivybridge, just 10 miles east of Plymouth.

As I hope the Minister knows, Ivybridge station has been in place since the early 1990s at a cost of £1.5 million of public money. We would all accept that it has been slow to become a viable train station, for various reasons. However, in the past two or three years, usage of Ivybridge station for commuter and student transport, both from Ivybridge to Plymouth and from Plymouth to Ivybridge college, particularly in the mornings, has been growing steadily.

Studies suggest that in the past 12 months, usage of Ivybridge station has increased by 70 per cent., and that is probably an understatement for the simple reason that

during the 10-minute journey from Ivybridge to Plymouth, the service provider has quite often not collected money or taken tickets, so certain lucky passengers have been able to travel free and their presence on the train has not been recorded. The 70 per cent. increase is probably an understatement of how, at last, the station is beginning to take off. More and more people are using it for park and ride. More and more people live in Ivybridge and commute to Plymouth on the 7.49 and 8.21 rail services and return on the 16.48 and the 17.50—how specific is this speech?—every day. That is a viable working service and it is growing.

We are about to have a new town on the east of Plymouth, just south of the A38, at Sherford. Sadly, that will only make the transport issues more difficult and complex. There will be more congestion than there is today, so we want Ivybridge station to have a viable and flourishing future. Sadly, the new timetable suggested by the Government and First Great Western blows Ivybridge station out of the water. Yes, people can still commute from Ivybridge to Plymouth to work, but they cannot get back again. Yes, young people can still catch a train from Plymouth to Ivybridge to go to school, but they cannot get home again. What is the point of that? The new timetable cuts the number of trains calling at Ivybridge by a significant percentage.

We have had a number of meetings about the issue, which is of great importance to the local community. We had one meeting just before Easter. The senior director for transport at the Government office for the south-west, Mr. Richard Bayly, attended and listened to representations at a packed Ivybridge town hall. He said that he would look into whether the Government and First—its representatives were there, too—could come up with a viable timetable for Ivybridge station and for Ivybridge commuters and students.

The time scale is now very short, so I urge the Minister to deal with the matter. He may never have been to Ivybridge or even have heard of Ivybridge—I hope that he has—but I ask him to find a way in the next two or three weeks, before the timetable is settled, to put in place a viable train timetable for the commuters and students of Ivybridge. At the moment, the timetable is not viable and that will sound the death knell for the station, which was constructed using vast sums of public money. I assure him that the station is a facility that will be used increasingly in the future. We therefore have to find a solution to the problem.

May I suggest one possible solution? A number of Virgin trains go through Ivybridge every day, but they do not stop because they are longer than the platform. In extremis, it is possible for a train that is too long for a platform to stop at the station and for the guard to announce that people who want to get off should not do so from the two end carriages or they will do themselves a nasty injury, and to say that they should get off from the designated coaches. That might be an interim solution. I understand that if the Government can satisfy Virgin on that point, it would be prepared to have some of its trains stop at Ivybridge.

The estimated cost of extending the platform at Ivybridge by 10 metres is £100,000. Given the amount of subsidy being invested in the railways today and the amount of money that the Government spend year in, year out—I appreciate that there are different jam jars and that that money might be for Network Rail and so on—I ask the Minister to do some joined-up thinking and to ask for a discussion with the railway operators, with Network Rail and with his own officials. Is it not possible to increase the length of the platform at Ivybridge, so that Virgin inter-city trains can stop there as well? That would facilitate a proper commuter service, so that people could go from Ivybridge to Plymouth to work and back again and students could come from Plymouth to Ivybridge and get home again safely without having to hang around at the station for an hour and a half, which many parents are worried about. Is that not a simple practical solution?

I do not expect the Minister to have all the detail relating to this matter at his fingertips when he winds up the debate, but will he please consider urgently the provision of a viable train timetable for Ivybridge?

10.16 am

Dr. Andrew Murrison (Westbury) (Con): I congratulate my hon. Friend the Member for Totnes (Mr. Steen) on initiating the debate.

My constituents are feeling pretty sore at the moment. Not only is the Secretary of State for Health pursuing a scorched-earth policy as far as our local community hospitals are concerned, but it appears that we face the prospect of many of our rail links disappearing, so we are pretty unhappy. I hope that the Minister will be able to cheer us up a little. I am grateful to him for meeting me last month with members of the west Wiltshire rail users group and representatives of the town councils. We appreciated that meeting and we hope very much that, as a costed option, the service that runs from Bristol to London Waterloo will be back on track.

I shall principally address two elements of the rail transport network that runs through my constituency. The Minister will know that Westbury is a railway town. People in Westbury and the surrounding areas feel strongly about trains. They are very much part of the local scene, as I hope he understands. Several lines—several little bits of the rail network—run through Westbury. I want to mention in particular the Westbury-Swindon link. On Friday, I had the pleasure of meeting members of the south-west public transport users forum in Trowbridge. They put a number of points to me about the Great Western franchise, and the Westbury-Swindon link featured large in the discussion. There is concern about the high level of cancellations for that service, dirty dilapidated rolling stock, poor connections at Westbury and poor timetabling. That all leads to a general disinclination on the part of the travelling public to use the service.

Mr. James Gray (North Wiltshire) (Con): My hon. Friend mentions the service from Swindon to Westbury and onwards. That service goes through Chippenham in my constituency, where a significant number of people use that line down through west Wiltshire. Under the proposals, which, rather bizarrely, the Government are signing off—it should be First Great Western, but the Government are actually to blame—the trains from Chippenham down towards Southampton are being cut. Is that not a disgrace?

Dr. Murrison: Indeed it is. If the proposals go ahead, we shall see a massive reduction in the service: it will be

[Dr. Murrison]

down to about 20 per cent. of its current level. Basically, it will become a vestigial service. We are now several years into the 10-year transport plan, but goodness me, where are we going if we are seeing such a situation in an area where the population is growing all the time? We know from the regional spatial strategy for the south-east and south-west that we expect an increase of upwards of 200,000 dwellings. My constituency and those of my hon. Friend the Member for North Wiltshire (Mr. Gray) and my right hon. and learned Friend the Member for Devizes (Mr. Ancram) will be heavily involved in that growth. In all our areas, the road network is creaking and is going to get worse, and corridors such as the one that I have described will be increasingly important.

As I said in the debate on rail transport in the south-east in January—the Minister may recall it—to get people to travel by train, we have to make travelling by train attractive. It simply is not possible to set up a train service and say, "Here you are, here's your train. Get on with it." My hon. Friend the Member for Totnes said that the Chinese would simply set up a railway. They may very well do that, but in our country the difference is that we have to make it attractive to people to travel by train. We do not have that kind of command economy. We have to make using the train attractive to the travelling public, and unfortunately that is not happening.

Mr. Ancram: Does my hon. Friend agree that there is a real paradox here? While these trains may not be particularly attractive, I have figures from the Melksham ticket sales office, and over the past three years, usage has increased from 3,000 to 27,000. More and more people are using the trains, whether they are attractive or not. In the face of that increase, it seems perverse to start talking about cutting services when more and more people are using them.

Dr. Murrison: My right hon. and learned Friend is absolutely right. No doubt he will have heard, as I have, from the redoubtable Melksham Without parish council about its concerns regarding the siting of Melksham station and its facilities.

The line from south Wales to Bristol to the south coast is extremely important. It runs through a number of wards that have some of the highest indices of deprivation in our country. The Minister probably shares the prejudices of many in his party in believing that such wards exist only in the midlands and the north. That is simply not the case. From the suburbs of Southampton right up to the Severn estuary and Bristol, such wards exist in large numbers. Public transport is important to many of our constituents.

Sandra Gidley (Romsey) (LD): The hon. Gentleman refers to a line that has exercised me greatly. Is he aware that only in 2004, additional carriages were introduced on the Cardiff to Portsmouth route, which runs through his constituency, as a consequence of discussions with the Department for Transport? The new franchise timetable plans to make yet further reductions, however, making the service completely unusable for people who want to go to work, college or school.

Dr. Murrison: I am grateful to the hon. Lady for that intervention. The theme that she mentions seems to be a recurring one, because the Waterloo to Bristol service was commended by the Minister's predecessors. Following the network user strategy of 2003, it was scheduled to be enhanced. We were going to get more trains, but now we find that that particular service is going to be axed completely, unless it can continue through a costed option under the new franchise from February 2007. We are suffering from a stop-start service, and the difficulty is that once people are used to not using a service, they will not go back to it. We found that in west Wiltshire; there needs to be continuity so that people get into the habit of using rail transport.

The south coast to Bristol to south Wales railway route is the second most heavily used passenger railway in the west of England: its use is exceeded only by the M4 corridor route that links the west of England with London. That is a very important point, which the Minister must understand. More than 5 million passenger journeys are made each year and growth in use is about 8 per cent. per annum, but we find that this particular service is scheduled for wholesale reductions. That is simply unacceptable.

In the Bristol and Bath to south coast study, endorsed by the South West regional assembly and drawn up by Government office for the south-west, we saw that this route was considered important. I hope that the Minister has examined a letter on this subject dated yesterday—he probably has not seen it yet, but I hope he will do so shortly—from the Cabinet member for the environment, transport and economic development, Councillor de Rhé Philipe. It is signed off by chief executives of Bristol city council, Wiltshire county council, West Wiltshire district council and Salisbury district council, and by the chairman of the South West regional assembly planning and transport committee. They all stress the points that I have articulated today. I hope that the Minister reads the letter. It is a good letter that sets out the points very clearly and relates particularly to an extremely valuable link.

In the time available, I should like briefly to mention the Bristol to Waterloo service, which is a vital service for my constituents. I know that the Minister will consider the matter carefully as the preferred bidders put their plans forward. It is a costed option, and I hope that he will use that as one of the foremost criteria when deciding which of the preferred bidders should run this important service.

10.25 am

Mr. Don Foster (Bath) (LD): I congratulate the hon. Member for Totnes (Mr. Steen) on securing what has been an excellent debate so far. I am delighted to follow the hon. Member for Westbury (Dr. Murrison), particularly because of his last remarks on the crucial service to Waterloo.

If we are going to get people on to the railways and out of their cars, as the hon. Member for Totnes wants to do, we must ensure that we have a safe, reliable and affordable public transport system. At the moment, the train journey from Bath to Paddington is not only one of the most expensive in this country, but almost one of the most expensive in the world. Fortunately, there is currently an alternative—the route to Waterloo. Although it takes longer, it is significantly cheaper. For that reason, and many others, I hope that the Minister

will listen carefully to what has been said about the crucial need to maintain the Bristol Temple Meads to Waterloo route when the South West Trains franchise is renewed.

We have heard from the hon. Member for Plymouth, Devonport (Alison Seabeck) about the importance of the timetable, but there are other crucial issues. Affordability is one and capacity is another. It is deeply disturbing that the current proposals will reduce the number of carriages in some of the crucial commuter trains through, for example, Freshford, Keynsham—it is wonderful to see the hon. Member for Wansdyke (Dan Norris), who represents Keynsham, here today—and Oldfield Park. The number of carriages on those trains is to be reduced at peak times, which will cause a huge problem.

It is also crucial that we have timetable that is fit for purpose and delivers what is needed. I referred briefly in an earlier intervention to letters that I received from the Minister on 9 August and 13 September, which refer to the three stations of Freshford, Oldfield Park and Keynsham. In those letters, he assured me that there will be an hourly service at off-peak times and two trains per hour at peak time. He made it absolutely clear that these plans were his

"Department's intentions for these stations."

He went on to say:

"This is to be made clear to the bidders for the franchise."

Sadly, however, we see that that is not being delivered in any of those three stations.

There is a difficulty. Since the initial plans were produced, about 9,000 letters of complaint have been received by First Great Western. As we heard from the hon. Member for Plymouth, Devonport, consideration has been given to some of those concerns. In about six weeks' time, we shall hear the outcome of that process, and we understand that some of the concerns raised have now been resolved. It would be enormously helpful to my constituents if the Minister would confirm today that the problem of the reduction of services through those three stations is one of the issues that has been resolved. If not, I urge him to consider carefully concerns about the reduction in the number of carriages on peak routes, and I ask him in particular to ensure that we retain the crucial Temple Meads to Waterloo service.

10.28 am

Mr. Geoffrey Cox (Torridge and West Devon) (Con): I shall be as brief as I possibly can and confine my remarks to specific matters relating to the Tamar valley line in my constituency.

The position regarding the Tamar valley line is that it is a community rail pilot. The Government approve of community rail and have expressed warm sentiments about the line on numerous occasions. They have done so to such an extent that when the question of the timetable arose, I wrote to the Minister, and I hope that he recollects writing back to me on 18 October 2005. The crucial issue regarding the Tamar valley line is that the eight trains a day that currently run should be retained. I have received communications from many in that area of my constituency, including the parish councils, and it is clear that the early morning service is vital in order to provide connections through Plymouth to the rest of the country. Its removal in the present timetable will cause hardship to literally dozens, perhaps even hundreds, of people.

In the letter of 18 October, the Minister assured me—and through me, my constituents—that that service would be retained, that eight trains a day would be guaranteed and that the principle and policy of reflecting the Government's support of the community rail partnership and the community railway of the Tamar valley line would be honoured. I regret to say that the timetable now published demonstrates that that will not happen. I hope that he will do all in his power to ensure that his assurance, which I publicised to my constituents throughout my constituency, will indeed be honoured. Faith in this Government, reliance on their word and the solidity of their assurances to people in my constituency are at stake.

The Minister will be fully aware that the connections that can be made using the first morning service mean that many people in remote and isolated parts of my constituency can go to work even as far afield as London. If the service is withdrawn, there are those who will be unable to work and forced to move. I hope that the Minister will pay earnest attention to my constituents' concerns about the Tamar valley line, and give me the assurances that I look for today.

10.31 am

Paul Rowen (Rochdale) (LD): I congratulate the hon. Member for Totnes (Mr. Steen) on securing this debate. The number of Members present from all parties shows the level of concern about the new timetable, which will be implemented from December. Like other hon. Members, I hope that we will hear from the Minister some reassurances that there will be changes to what is now the second revision to the original published timetable.

We know why we are in this situation: three franchises have been combined into one, and one operator, First Great Western, has taken responsibility. Earlier on, Mr. Steen referred to the work that First Great Western has done since the protest by many people in the south-west. I want to consider what lies behind those problems, at what the continuing problems are and at what the Minister must do. We know that investment is needed, but as Mr. Steen said, that has been evident for many years.

Mr. Christopher Chope (in the Chair): Order. It is customary to refer to hon. Members by their constituency names.

Paul Rowen: I am sorry, Mr. Chope.

The issue is the franchise specification. I want to read part of it, because it explains and underlines why we are in this situation. It says that the franchise

"will be one of the first in which bids are made against a precisely specified base case."

In other words, we are in this situation because the Department for Transport has specified precisely what will and will not be provided. I think that we are seeing certain changes—I am thinking in particular of the threat to rural lines and interconnecting services to main lines—because the franchise specification says that the deployment of resources should

[Paul Rowen]

"as effectively as possible ... reflect growing demand in the London area".

The franchise is London-centric, and it does not meet the needs of people in the south-west.

Many hon. Members have referred to the issues affecting their constituencies. First, the timetable is not fit for purpose in terms of capacity. It does not provide enough seating capacity, so on the Westbury, Bath and Bristol Temple Meads to Cardiff Central line, the Exeter St. David's to Exmouth line, and the Exeter Central to Torbay line, there is insufficient capacity to meet demand.

The second issue is customer flow. The specification takes no account of existing usage or of some of the improvements that, for example, Wessex Trains made through the wider benefits programme in order to build on growing demand. As the hon. Member for Totnes said, there has been a 40 per cent. increase in demand on rural lines. However, the new timetable has no train arrival at Exeter St. David's from Barnstaple between 7.44 am and 9.40 am. What are commuters who want to go to Exeter going to do? There is no train arrival at Weymouth from Bristol, Westbury or Yeovil before 9.31 am. What about students going to Weymouth college, and other commuters? There is no westbound train departure from Truro to Penzance between 16.24 and 18.40. In other words, one time is too early for Truro college students to get home, and the other is too late for commuters.

Mr. Gray: Does the hon. Gentleman not agree that taking account of where people live and the growth in rail usage should include not only the timetable, but the potential for new stations? Does he not agree that there is a strong case for a new station at, for example, Corsham in my constituency? It is a fast-growing area, with many people commuting to the constituency of the hon. Member for Bath (Mr. Foster).

Paul Rowen: I agree entirely. There was a golden opportunity in the timetable for the Government to demonstrate their commitment to rail services by building in those services. However, the fact of the matter is that we have gone backwards in terms of the services that Wessex Trains provides, for example. Train services are not fit for purpose, and they will not meet the needs of local communities. We know the result: people will go back on to the roads, increasing traffic congestion and CO_2 emissions, and the train service will not be improved.

Dr. Murrison: Notwithstanding the hon. Gentleman's comments about CO_2 emissions and his party's antipathy towards cars, does not he accept that in rural areas in particular, a multi-modal approach is important? My hon. Friend the Member for Salisbury (Robert Key) is concerned about the situation at Salisbury station, where it is difficult to park a car, which means that it is difficult for people to use rail transport, particularly if they are commuting. Does the hon. Gentleman not agree?

Paul Rowen: I do not know how the hon. Gentleman can say that my party has an antipathy towards cars. However, as he said, we need joined-up solutions. In rural areas where there are no buses, people must be allowed to travel from their homes to the station so as to get on the train to their next destination.

I return to some more examples. The timetable for the Severn Beach line does not take account of its high usage by schoolchildren.

Stephen Williams (Bristol, West) (LD): My hon. Friend has been very generous with interventions. He mentioned the Severn Beach line and, earlier, interconnectivity with mainline services. I would dearly like to use the Severn Beach line to make my journey from Bristol Temple Meads to Paddington. Frequently I cannot, however, because the service ends at Temple Meads, giving passengers three minutes flat to get from one end of the station to the other in order to get the London service. I am sure that the hon. Member for Bristol, North-West (Dr. Naysmith) will empathise with the fact that for many people who would like to make the through journey, the constraints of the timetable make it impossible.

Paul Rowen: I agree entirely. We know about the difficulties between inter-city services, but there is also a lack of interconnectivity between those services and local trains. We must factor in whether the timetable is deliverable. Several experts have said that as currently constructed, it is not. There are three instances every day whereby trains travelling in opposite directions are timetabled to meet on a single line between Kemble and Swindon. That is ridiculous.

Time is short, and before the timetable is published, those issues must be considered afresh. We need a commitment from the Minister and First Great Western to resolve them. First is committed to provide £1.13 billion to the Government over 10 years. Some of that money must be reinvested in local services, otherwise the situation will get worse.

One of my hon. Friends, who cannot attend today's debate, said to me that an underlying plot is in operation. First Group runs buses as well as trains in the area, and it would be useful for the group if many of the rural branch lines were replaced with bus services. There is one example of that in the timetable. The Avonmouth-Severn Beach service is being replaced with a bus. If rural lines are being decimated for fast interconnectivity city lines to London, that will be at the expense of many people.

I hope that the Minister will consider those issues with First. The people of the south-west deserve better. We have had an excellent debate today and I hope that those concerns will be listened to.

10.41 am

Stephen Hammond (Wimbledon) (Con): Like the hon. Member for Rochdale (Paul Rowen), I congratulate my hon. Friend the Member for Totnes (Mr. Steen) on securing this debate. My hon. Friend's eloquence has brought colour to it as much as his fashion statement and glasses. I was elected last year and I am grateful to him for his kind advice and hospitality over the past year.

This is an important debate because clearly underlying it is the philosophy that we have discussed about the possible movement from cars to trains. My

hon. Friend emphasised the effect on the peninsula and the environment. The debate is also important because it goes to the heart of the problems with the railways and with how the rail industry is structured and how the franchise process is working. We have had some excellent contributions from hon. Members throughout the Chamber about the problem pertaining to their constituencies.

I am aware that the hon. Member for Plymouth, Devonport (Alison Seabeck) has led a strong campaign in her area. Two months ago, the hon. Member for Romsey (Sandra Gidley) initiated a debate on South West Trains in her constituency and I suspected that we would have a debate such as this, so just before Easter I took the opportunity to go down to the west country to look at the problems in detail. I travelled by train from London to Plymouth, where I came across three or four major problems that the timetable is causing. First, points have already been made about high-speed trains and cutting the number of three-hour London-Plymouth services, as well as local services such as those from Ivybridge and St. Germans.

In Plymouth I met local councillors, the local press and especially local railway officials, which was an enlightening experience because it gave me real insight into how the bidding process for the franchise worked and what lobbying is taking place by FirstGroup with the Government for revision of the timetable. I also met local business men, which was crucial. Tim Jones of the Devon and Cornwall Business Council stressed to me that the three-hour train is vital for Plymouth's success. We have heard Plymouth described as a vibrant and growing city. The regional spatial and economic strategies highlight Plymouth as an area of expansion. The point that was made was that if the three-hour train service were to disappear, the business prospects in the area would also disappear.

While I was in the west country I took the opportunity to look at the Looe-Liskeard line and the impact on local businesses and local employment of people being able to connect with trains to Plymouth and beyond, such as on the Penzance-Plymouth line. All those issues underlie a problem. If the timetable that came into place on, appropriately, 1 April—it replaced the December 2004 timetable, which is being junked—is not revised it will have severe implications for the peninsula.

Equally, my hon. Friend the Member for Westbury (Dr. Murrison) made a point about the importance of the route from the south coast to Bristol and south Wales. The south coast to Bristol and south Wales corridor links the major urban settlements of south Hampshire, greater Bristol, greater Bath, Wiltshire and south Wales with the lines to London. The regional spatial strategy and the regional economic strategy highlight those as areas of growth in housing and economic development. The proposals for those areas are to cut services, and existing passengers will find themselves on shorter and less frequent trains, with services starting later in the morning and dwell times at stations being cut. The inevitable implication is overcrowding and the inevitable consequence is that people will be less likely to use the trains.

Mr. Don Foster: The hon. Gentleman referred to growing towns. The town of Frome is growing enormously and he may be surprised to know that under the proposed timetable there is no train between 7 o'clock and 9 o'clock in the morning from Frome to Bath, where most of the work is.

Mr. Hammond: I did not know that, but I am not surprised. That is a consequence of the proposed timetable, and the same is happening throughout the west and south-west. Such reductions will be a real problem when trying to persuade local people to go to local urban centres and centres of regional economic development. That will be a major consequence, and people will either lose employment or be forced into their cars with all the consequences for the environment that my hon. Friend the Member for Totnes has described.

Mr. Cox: Another example of which my hon. Friend may not be aware, although I hope that the Minister is aware of it, is that the train service on the Tarka line from Barnstable to Exeter has had removed from it any train that arrives in Exeter for the peak rush hour. That is a clear example of what my hon. Friend is saying.

Mr. Hammond: I am grateful to my hon. Friend for making that important point. We have heard a number of comments from other hon. Members about lines being cut. We have not said much about Hampshire, but clearly the timetable has implications for Hampshire. I shall not continue to detail the cuts because I want to leave time for the Minister to reply, as do most hon. Members.

While I was in Plymouth I had a good indication from FirstGroup about how the bidding process worked. It is important to understand that First is trying to work with local people and to lobby the Government to revise the current timetable, but following the Railways Act 2005 and the demise of the Strategic Rail Authority, the Secretary of State for Transport is effectively running the railways. He is doing that not only strategically, but by intervening in the minutiae of the railways. Under the franchise process for the route in question all bidders were asked to supply three bids, one for a minimum service level which was specified in detail by the Government—the detailed specification option—one on the original timetable and one on an optimum timetable for the route. It is no surprise that the timetable that has been granted and for which First is paying £1 billion over 10 years for the privilege to operate is the detailed specification option.

On 20 March, I asked the Minister to tell me how many rail routes would be cut as a result of that detailed specification and how many stations would be closed. His answer was none. I suspect that that revolved around the word "cut". If I had asked how many service reductions there would be as a result of that detailed specification option, I suspect that I would have received a different answer.

One matter that will be clear to all hon. Members from the debate is that the current timetable, which started on 1 April, is not fit for purpose. FirstGroup has impressed on me and, I am sure, other hon. Members who had discussions with it, that it is negotiating with the Government to revise the timetable so that when the final version is published in the first week of December a number of the issues that we have heard about today may be resolved. I hope that the Minister will today give

[Mr. Hammond]

us some guarantees about the three-hour London-Plymouth service and local commuter services in Ivybridge and respond to the comments made by my hon. Friends and the hon. Member for Bath (Mr. Foster) about the Bristol-Waterloo service and a number of the other implications for west Wiltshire. We look forward to the Minister giving us those guarantees.

10.50 am

The Parliamentary Under-Secretary of State for Transport (Derek Twigg): I shall try to deal with as many issues as I possibly can in the short time available. First, I congratulate the hon. Member for Totnes (Mr. Steen) on securing this debate. He is a real rail enthusiast and has always taken a special interest in railways, particularly in his part of the country. I shall deal quickly with a few points made by other hon. Members and then address some of his concerns.

I cannot give the hon. Member for Bath (Mr. Foster) a detailed answer on the point that he raised, but I shall write to him about it as soon as possible. My officials are working on the specific issue about service that the hon. Member for Torridge and West Devon (Mr. Cox) mentioned, and I shall get in touch with him as soon as we have a firmer answer on it. The hon. Member for South-West Devon (Mr. Streeter) asked about services at Ivybridge. Obviously, we are considering more options for additional services, but the normal procedure for enhancements such as those to platforms is a business case, and involves talking to Network Rail and so on. I am not sure what stage the matter is at, whether it is just an initial idea or whether there are ongoing discussions. If I hear of anything on that, I shall write to him, but I am not aware of anything at present.

I understand that most Members are here today because they are not happy with various things, but we must consider the bigger picture. It is important to remember that these are good times for the railways. A record amount is being spent—£87 million each week—and, on average, train performance is above the target of 85 per cent. that we had for March this year. More than 85 per cent. of trains run on time, and many train operating companies are now hitting 90 per cent. and above. There has been a significant improvement in reliability and significant investment in rolling stock, with about one third of it being replaced.

It is not the case that people have been put off using the railways. Last year, there were more than 1 billion passenger journeys—a further increase. There are more passengers than there have been since the early 1960s on what is, compared with the pre-Beeching railway, a smaller railway. That is a significant improvement.

On the comment of the hon. Member for Totnes about FirstGroup, it put in a bid for the franchise because it obviously thinks that it is a good commercial proposition. It believes, as do we, that the number of passengers will continue to grow.

It is important to give some background. It was clear from the start that specifying the service to be provided by the new Great Western operator would be an intricate task. We must balance issues of affordability, service, value for money and performance when awarding a franchise. At the same time, this is a truly regional franchise that brings together services of all types: inter-city, inter-urban, commuter, local and rural. By contrast, most previous franchises tended to be of one particular service type.

The Great Western franchise is a particularly large and detailed franchise. It also operates across a wide geographical area including, for example, parts of London, the Thames valley, the south midlands, Bath, Bristol, south Wales and the south-west peninsula. That makes it one of the most operationally complex franchises on the network.

One of the great benefits of the new franchise is that it allows us to ensure that Network Rail has to deal with just one train operator across most of the network west of Paddington. That should bring real advantages for passengers, too. For example, it will greatly simplify the operation of major stations on the routes for Paddington, Bristol Temple Meads and Reading.

The core of the specification is the service level commitment, which typically lays down the minimum number of trains that must run on each route, the time of early morning and late evening services, journey times and calling patterns. However, the Government do not specify every aspect of a service. For example, rolling stock, which hon. Members have mentioned, is largely a matter for bidders, who must ensure that trains can achieve the speeds needed to deliver the service, and that there is enough rolling stock to meet the operator's own forecast of demand.

Fares, too, are a matter for the franchisee, provided they comply with the Government's policy on regulated fares. Increases on such fares are limited annually to 1 per cent. above the rate of increase in the retail prices index. I probably ought to mention as well that catering on trains, a subject which is of great interest to the hon. Member for Totnes—he has previously raised it with me—is entirely a matter for bidders to propose.

In short, we aim for a specification that is detailed enough to ensure that value for money for the taxpayer is properly balanced against the needs of passengers. At the same time, we recognise that operators, not Ministers or civil servants, are experts in delivering train services. We therefore leave to them as much of the operational detail as is reasonably possible.

The point that I would like to stress more than any other before I move on to other issues is that the operator is free to vary train times and to amend calling patterns, provided the minimum standards set out in the service level commitment are met. Crucially, they can also operate extra trains, provided there is sufficient track capacity and no adverse effect on other operators' subsidies or premiums.

Tenders for the new franchise were received in September 2005, and, as we all know, the franchise was awarded to FirstGroup. It is worth emphasising that FirstGroup has committed itself to £220 million investment over the first three years of the franchise in return for the right to run it, and that that will deliver a range of benefits to passengers. There will be a complete redesign of the high-speed train fleet, at a cost of some £140 million, which will increase by 14 per cent. the number of seats on commuter and long-distance trains to and from London in the peak periods. There will be a programme of station improvements, including better customer information systems, 1,700 new car parking

places and, crucially, at a time when there is great concern about passenger safety at stations, improvements in passenger security through the upgrading of CCTV at stations across the network.

Also, there will be revenue protection measures, including automatic ticket gates at principal stations. That is important for passengers, as detecting fare evasion tends to reduce other crime on the railway. The measures will be backed up by extra staff and the recruitment of more community support officers.

New performance and reliability targets will call for nine out of 10 trains to run on time by 2011–12. As the hon. Gentleman knows—he raised the issue with me recently—the sleeper service to Penzance, which many in the media predicted would be withdrawn, has been retained.

Once FirstGroup had been awarded the new franchise, it embarked on a consultation about the detailed service that it proposed to offer. As hon. Members have said, that attracted a considerable volume of responses, which tended to focus on objections about specific proposals. I hope that the extent to which it has been possible to meet the points that were raised in the consultation demonstrates that it was a genuine and helpful exercise. Inevitably, there will be some preferences that it has not been possible to cater for, but the service that we now expect when the new timetable is introduced will go a long way to satisfying the points that have been made. Of course, it will still be possible at various points during the lifetime of the franchise to offer additional services if the case can be made for them, but they must meet the criteria that I outlined.

Dan Norris (Wansdyke) (Lab): I am grateful to the Minister for giving way, as I know that he has limited time. Could he possibly drop me a line along the lines of the one for the hon. Member for Bath (Mr. Foster), as the services at Keynsham in my constituency are to be reduced at commuter times? The capacity of the trains will also be reduced, and that is causing great concern.

Derek Twigg: I know that my hon. Friend takes a great interest in the train services in his constituency and is a good campaigner for them. Yes, I shall certainly write to him on that matter.

The hon. Member for Totnes mentioned track maintenance and infrastructure problems. Today's debate has highlighted the condition of the infrastructure, and I am aware of the concerns that have been expressed by hon. Members about the performance of FirstGroup and Network Rail in respect of the Great Western service. The principal causes of problems are track condition and the temporary speed restrictions that are imposed to maintain safe operation. Performance on the route remains unsatisfactory, but Network Rail reduced the delay minutes for track-related problems from 14,000 minutes per period at the start of the year 2005–06 to 10,000 minutes per period. It has a large programme of track renewals over a five to six year period and has invested in high-output track renewal plant that has been successful in reducing track-related faults. To reduce delays, it is working to increase the track handback speed following renewals from 50 mph to 80 mph. A recent programme of rail renewal has helped to reduce temporary speed restrictions, and Network Rail plans to spend additional money over the next five years on more than 100 schemes to improve Great Western performance.

An essential element of planning a train service specification is to give Network Rail reasonable access to the railway for maintenance and renewal. Generally, that requires possession, which involves a temporary closure of a section of railway to traffic. As the hon. Gentleman knows, the typical pattern is for routine track maintenance to be undertaken during midweek night possessions, when few passenger trains operate, and for renewal and larger maintenance projects to be done at weekends. At the same time, growing levels of rail traffic pose a challenge to Network Rail, which, if possible, must increase the rate of maintenance and renewal without increasing its demands for possessions.

The hon. Gentleman mentioned Dawlish. It receives special attention from Network Rail. The line and sea wall are regularly monitored and receive enhanced maintenance. The foundations of vulnerable sections have been strengthened, and a team of five people work on the section throughout the year. Network Rail is not currently considering an alternative route. The monitoring and enhanced maintenance—

Mr. Christopher Chope (in the Chair): Order. We must move on to the next debate.

Biotechnology Industry

11 am

Dr. Ian Gibson (Norwich, North) (Lab): Biotechnology, or what is sometimes called the biosciences, is one of the UK economy's fastest growing sectors and its future looks rather bright. There are 455 bioscience companies in the UK, and about 22,500 people are employed in the industry's different sub-sectors. The industry is growing fast and can grow even faster, but it will not grow as fast as it might without Government support, because it is in a most competitive environment. The US has the biggest and fastest growing industry, as well as being more experienced, but India, China and other countries are coming up fast on the rails.

In health care at the end of 2005, the industry carried out deals worth £750 million, thereby contributing significantly to the economy. Indeed, it is in health care that most of the biggest effects are felt and most of the biggest discoveries are made. Article after article on the subject has appeared in the *Financial Times*, and journalist Lisa Urquhart has highlighted many of the features of the biosciences movement in recent articles. She notes that the business is risky because research is lengthy and costly periods of development are required. There are dozens of failures in the field, as well as endless calls for refinancing.

On the other hand, the sector is beginning to produce some real winners. One example, of which I was not aware, concerns marine biotechnology. Many compounds are being discovered in this planet's deep realms, which have not been investigated before. We have tended to look up, not down, but we are now finding new substances, which have great effects on cancer, heart disease and so on. Biosensors, which can detect pollution, can also be developed from organisms in the marine environment. Things are therefore beginning to move, and we want to encourage such developments, as well as those in the conventional drug arena.

Gene therapy in its wider sense is also on the agenda again. It is not a matter simply of injecting viruses into people to eradicate faulty genes, but of suppressing gene activity and so on. Much activity is going on in that respect, and although we do not have the blockbuster yet, it is not far off. Animal biotechnology experiments are also being done. They include, for example, experiments to make racehorses run faster. If I had a business, I might breed racehorses, win the Derby and retire quite happy without telling anyone. So lots is going on in that respect, too.

There is also the field of gene diagnostics, which allows us to assess which illnesses people might develop at different stages in their lives, and who will respond to certain drugs, which greatly benefits the national health service drug budget. In addition, we have all heard of the anti-cancer drug Herceptin and tissue engineering, and those, too, are part of biotechnology. New bladders are also being grown for children. New bird flu vaccines are being produced—perhaps not fast enough, but production is certainly speeding up—in case we should be struck down by that disease, as has happened in other parts of the world. As Lisa Urquhart notes, biotechnology has been

"catapulted . . . into the forefront of people's minds."

At the same time, however, there are the other stories. There was the tragic stem cell research in South Korea, the impact of which reverberated around the world. As has been well documented, the professor involved was tempted to rig the data, confusing the public and perhaps himself. In this country, six volunteers involved in tests on an experimental monoclonal antibody suffered an adverse reaction last month. We await the report, and everybody has their ideas about what went wrong there.

Still, biotechnology-produced drugs have become the most rapidly growing segment of the drug industry not only in this country but in Europe. In the past year, 23 compounds have come out of Europe and 13 have come out of the USA—activity has accelerated greatly. As Lisa Urquhart notes,

"confidence may have returned to Europe",

and we should remember that that confidence was shattered by the unmentionable genetic modification. I promise never again to mention GM or to fall out with people in defence of GM crops—at least not until the next one appears. Despite that confidence, however, Lisa Urquhart notes that there is

"a shortage of mature, large, profitable European biotechnology companies for investors to sink either their teeth, or funds, into."

In America, however, we see quite the opposite. Companies' market capitalisation passes the $1 billion mark, and that trend is growing. I shall explain shortly how that has occurred.

There is huge international interaction. I mentioned the US, Europe and the UK, but there are interactions between Indian and Chinese companies and between Indian and British companies. Indeed, in the past few years, Singapore has suddenly not only recruited some of our best scientific stars but populated the market with large sums of money and seen the value of biotechnology in health and other areas. Biotechnology is indeed a burgeoning field.

At this point, I want to digress a little to talk about this country. It is reasonable to ask why biotechnology is growing in some areas and some cities but not in others. I hope that hon. Members will forgive me for mentioning Norwich and Norfolk, because there are few biotechnology companies there, but there are massive research institutes, including the biggest plant research institute in Europe. There is also a university with a medical school, which the Government provided in 1998. Special science schools are developing, where young people study astronomy, information technology and so on. We also have a biomedical centre, a pharmacy school and creative centres, which the public and young people can visit to try out scientific experiments online. On paper, those higher education establishments are as good as any, but why are no companies coming out of that?

Recently, in Norwich, I attended a glittering BAFTA-type awards ceremony full of entrepreneurs—they were to the left, to the right and in the middle. Many of them were young and were involved in developing films, in the media and in graphic design. It was quite inspiring, and I did not know that so much was going on in that area,

but where is the equivalent in science, technology and medicine? Where are the young people who are being encouraged to develop their ideas and come for their glittering prizes?

Is there perhaps a lack of ambition in Norwich? No, that is the football team—sorry, Delia. Do we need a champion or even a tsar? Do we need an organisation to overthrow what I sometimes think is the dominance of Cambridge on the east coast? We certainly need a regional development agency such as that in the north-west, which knows what a science city is. It sees the glittering possibilities offered by those involved in the sector—from the very young to the very old—and it makes them work together to develop science and technology to the highest level. We have six such science cities in this country, and such bodies would provide a focus for collaboration in the sciences, including astronomy, and I note that Colin Pillinger is coming to Norwich this week to talk to young people and, I hope, at a mass meeting.

We want to get young people into computing. Tim Berners-Lee has said that computational science is the coming thing and he has a vision of our being able to model structures. As hon. Members will know, our understanding of climate change is based on models and on predicting what might happen in the future.

There is a lot that we should be doing. At the same time, there are vast natural resources in places such as East Anglia, where people should go and see for themselves what nature is. Susan Greenfield has been talking in the other place about the effects on the brain of using computers to blog and so on, asking what has happened to reading books and going to see things for oneself. That is absolutely right: not enough people are going out to the broads to hire boats—not to ram other boats, but to sail peacefully up the broads, which are a national park, and see the wildlife there.

We also have rich birdlife in north Norfolk. We find that many young people, for whatever reason—the Field Studies Council not having the support and money, for instance—are not getting out there to see nature for themselves. They are reduced—not badly, I guess—to watching David Attenborough's "The Blue Planet" on television to see what life is really like. We have to get out of that and do something much more radical. We have to get young people out there to see nature and to interact with the world face to face.

Biotechnology is developing in certain parts of the UK. For example, an alternative, junior stock market is being set up that harnesses support from different parts of the world. It has alternative listings from the UK and the US, including those involving stem cell research. I declare an interest: I am on the Stem Cell Foundation, with Richard Branson, Richard Sykes and many others. We are involved in the stem cell initiative, to which the Chancellor has given huge sums to develop stem cell research and biotechnology in this country. I am also involved in the East Anglian initiative, in association with people at Cambridge.

There was a time when big pharma ruled the roost, but it has recently found it difficult to keep up with the research initiatives from smaller companies and individuals. Big pharma cannot keep up with the new ideas, such as the new molecules and proteins that are being produced to treat illnesses, and the genomic science advances, as highlighted by developments at the Sanger institute.

There is massive potential for new technology in what are called RNA interference molecules, which are molecules that can induce the inaction of a particular gene or activity in a cell. The gene is knocked out rather than replaced, as in the crudest gene therapy. I see from various journals that 40 to 50 patents involving such technology have been applied for. There is huge development, not only through the patents but in new companies using the technology to develop new cures and treatments.

Such research is exciting, but it is outside big pharma. Big pharma is quite a courageous group of individuals and organisations—it sees what is happening and is taking up a new position. It does not want contracts any more, but a relationship in which the work is outsourced to smaller companies. The boot is on the other foot, and such companies have become much more important in the past few years.

One way round that is to have a mega-merger. A little while ago there was a mega-merger of two companies in this country called Glaxo and SmithKline, into GlaxoSmithKline—it rolls off the tongue as if it were only one company, but it was two companies once. My hon. Friend the Member for Middlesbrough, South and East Cleveland (Dr. Kumar) spent some time investigating that merger. We were told that the company would play a star role and that lots of new discoveries would be made, but it sounds to me as though the merger might not have produced the new products that were promised at the time by Richard Sykes and Jan Leschly when they appeared before the Science and Technology Committee.

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): My hon. Friend articulates his case passionately. However, GlaxoSmithKline is supporting a new centre for biotechnology in my constituency that is to be developed over the new few years as part of the Centre for Process Innovation, so perhaps he is being slightly unfair.

Dr. Gibson: I would never be unfair to GlaxoSmithKline. It is a subtle company—there has been a merger and smaller companies have been set up within the bigger company, because it recognises that sometimes initiative and innovation take place in that context. I have researched the centres that my hon. Friend mentioned, which are called research and development centres—nothing clever about the name—and GlaxoSmithKline has quite a few, because it sees that small is beautiful. That is the way to get innovation and people working together better. The bigger the organisation, the more bureaucracy there tends to be, with innovation not receiving the support that it needs.

Nowadays people tend to be loyal to the technology rather than to the company. That means that small really has become beautiful—that is the name of the game for small biotech companies. However, big pharma companies, with their experience, have something going for them. They are dominant in the development of clinical trials, they chaperone the smaller companies over the regulatory hurdles that they

[Dr. Gibson]

face and they help them to market their products, so mutually beneficial interaction is taking place. We need to examine how that is happening and to encourage it.

Many applications from biotech companies are going through fast in the United States—much more than from the big pharma companies. For all its benefits, big pharma faces the problem of losing its patents after 10 years. The replacement drugs are down to a trickle, because the research has not been developed fast enough. Big pharma is still cash rich from its drugs sales, while the US Job Creation Act 2004 gives it billions of dollars in tax breaks if it repatriates any earnings for the companies that invest in the USA.

Big, manic mergers are taking place. Pfizer has taken over Vicuron, for example. Therapeutic companies are being bought up by even smaller companies, such as Amgen, about which many hon. Members will have been lobbied. It is a biotechnology company based in Los Angeles that has taken over a smaller biotech company and thus become a middle-sized company. Companies do not have to be producing anything for such takeovers. Development can be part of the reason for the merger.

Big sums of money are involved in such takeovers, because people see the possibilities. For example, Novartis paid $5.5 billion for Gilead, a San Francisco company that makes Tenofovir, which is used to treat HIV, and Tamiflu, which is used for influenza and which has since been licensed to Roche. The interactions in the market do not follow the typical pattern, however. There are many failures, and many small biotech companies remain just that, in the Coca-Cola league rather than the premier league. However, they must not give up, because who knows what they might discover with the creativity of the people working for them.

It is not fair to compare the UK with the US. We are second in terms of biotechnology production and the amount invested. Much less money is invested in British companies. There are fewer clusters—I mentioned Norwich as an example of where there ought to be one, but there are many other examples where we have been trying for years to get that to happen, but it has not. We hold up Cambridge and Oxford as the star examples—I will not go into the details of how that happened, but it had less to do with Government intervention and more to do with Adnams ale and people meeting in a pub, becoming familiar and deciding to work together. If that is the way developments happen, we should promote it. We should ensure that the right people are together where they have their coffee or pint of Adnams, talking about developing this illustrious field.

If the goal is to develop new leading drugs, collaboration with a range of partners will be essential. Things will need to be set up so that innovation becomes the name of the game. Creative people can usually find each other—something that the Department of Trade and Industry ought to realise—and they do not need the airfare to LA or San Francisco. They will know that someone else is doing work in which they are interested, and they will get there to work with them. Once they get together and start the ball rolling, we must ensure that they are supported at the various stages.

Dr. Kumar: Does my hon. Friend not agree that in order for the climate that he articulates to be created, the organisational cluster needs to be in the ideal place to make it happen, and that we need to bring the universities, industry and the entrepreneurs together to ensure a successful future for the biotechnology industry?

Dr. Gibson: I thank my hon. Friend. In theory, that is what should happen, but I question whether it happens quickly enough and whether we have learned all that we need to learn. Simply talking together over coffee is not enough. Those who want to set up a business will need a lot of help, and I shall deal in a minute with tax credits and other methods of support.

The industry has not matured yet. It has quite a long way to go. For instance, we need to improve the financial environment for UK biosciences. Globally, we are second only to the USA, but we need a supportive funding environment to make it happen. In 2005, Paul Myners reported to the Government on pre-emption rights. What he said in the report summarises how small biotech companies work. He stated:

> "Such companies quickly outgrow the capacity of private investors to service their cash needs but have few physical assets to offer as collateral to banks and no credit ratings to access bond markets. They therefore have to come to the public markets to broaden their capital base but represent high risk investments, heavily dependent on equity injections but offering the potential for high returns to shareholders if their promise is fulfilled."

We have to be ambitious and want that to happen.

We need a cross-party understanding of the problems, and we must work together to make it happen. We also need research and development tax credits to remove restrictions on collecting money in order to develop the business from stage A to stages B, C and D in order to get the product on the market. We have to change that threshold. In the last Budget, the Chancellor recommended that companies with 500 or fewer staff should receive some support. That is a start, but the world is moving fast in this field, and we have to help.

Another problem that we have to face is the inability of the bioscience sector to take up new medicines in the UK as fast as elsewhere. A major pan-European report on access to cancer drugs published in October 2005 by the Karolinska institute suggested that the UK lagged behind in terms of access to cancer drugs. It is generally agreed that our processes and structures do not allow new products on to the market fast enough. We need to fast-track more innovative medicines, with funding to increase their uptake by the NHS. We have all seen the sorry sight of Herceptin not being provided for all in the UK who need it. I hope that the National Institute for Health and Clinical Excellence is listening. I am looking for some radical changes in the organisation's operations.

I turn to the question of animal extremism. Animal testing is needed to ensure the safety of drugs before they are used by people. That might be ironic given the six recent cases in London, but that does not deflect from the need for animal experiments as a preamble to the use of drugs in human beings.

We all know about the campaigns against Huntingdon Life Sciences. We all know that the groups that take such action are not huge: a few determined people have taken the issue across the Atlantic to New York and attacked shareholders in those companies that

carry out animal experiments. They write letters, sound klaxon horns outside houses, use incendiary bombs and throw bricks through windows. That has decreased since Home Office Ministers made efforts to illegalise the processes under the Serious Organised Crime and Police Act 2005, but there are still cases of damage to private property.

People have a right to protest peacefully, and I am absolutely in favour of people marching if they think that animal experiments should be limited or completely stopped—a good argument can be made for that—but I deprecate the activities of the small group of people who carry out what could be called terrorist acts. That may be an extreme description, but that is how it seems to those who work in that industry and who are dedicated to producing drugs to improve peoples' lives.

Ironically—I hope that they hear this—some of those extremists must use drugs to cure their own problems. I am sure that aspirin has been useful to them, because they too must hear the noise of the klaxons when they sound them. I have every sympathy for them, and if they keep using the drugs that have been tested by the system, they will be okay, but they should cut it out and let us have a reasonable argument about the technologies that can be developed to test new compounds. I read that the United States is getting tough on such extremism too, and that three individuals are about to be sentenced or have just been sentenced to jail for their activities. We need more such action here, because the problem will not go away.

The Budget was good in highlighting the need for biotechnology to keep us in the world-class environment for health research and development and innovation. The Budget announced support for Sir John Pattison's stem cell initiative, of which we are a partner through the Stem Cell Foundation. Once new products are almost on the market, we hope that they will be supported in order to ensure that they are developed in this country rather than slipping to other countries for development. Funding worth £100 million has been announced—a further investment of £50 million.

I am not saying that stem cell research will cure Parkinson's or Alzheimer's, but I respect the right of clever people in this country who can do research, and who question what they are doing, to be able to carry it out peacefully. That includes finding out whether using embryonic or adult cells is the way forward for some treatments. There is a little chink of light in that area, particularly with cardiovascular diseases.

It is good that we have this industry, but we must recognise that part of the innovation process of getting a sustainable industry is training our young people in these methodologies. I know that many young people do not want to go into industry. They still live in that world where people do not want to get their hands dirty or take the filthy lucre. They would rather be GPs and take £250,000 a year, or lawyers and take £500,000. Nevertheless, those in this industry are well paid, and we should do all that we can to encourage them.

It is important that the process of training makes people feel fired up and keen to use their talents. That is why science, technology and engineering should be a major part of the curriculum for our young people. I note that, in a debate in the other place, someone said that the curriculum and the order in which things are taught has not changed for about 50 years. It can take a long time to recognise that today's world is so different from the world of those who developed the curricula. I hope that the Chancellor or whoever is developing sciences in this country—it seems to change each week—gets stuck in and helps to develop new technologies by bringing in young people.

The country needs to be steeped in science. Science and science-based innovation should be right at the top of the political agenda. We must rethink how we are to educate tomorrow's scientists, and involve the public in the debate, not make them feel anti-science. We should make them feel that it is useful, and not let them be thrown by silly arguments about GM or by what extremists say about animal experiments.

The Treasury is beginning to rethink the whole policy structure—from the last Budget, at least—including how science will be funded; having new research institutes and combining them; and how computer science, which develops almost daily with new ideas and model systems, should be used. Public-private partnerships need to be developed in a way that encourages innovation. We all talk about industry interacting with universities and higher education. Gosh, I have heard about that for almost a hundred years, but we have not found a way to make it work. Last night at a reception, I happened to meet some people who run small businesses, who said that universities do not understand how business works—but universities say that they do not like how business works, so we cannot blame either side. We must try to bang their heads together to make them work together. I do not mean that they should simply form small companies that offer advisory services: they should form companies that take basic, primaeval, blue skies discoveries and develop them into products.

It is time for us to stop simply paying lip service to all this. If we really believe in the future of biotechnology, which is a rosy and growing field, we have to back it up with good, solid training at all levels. The blame is not all on one side as far as universities and industry are concerned. It is time to cut the cackle and set up structures to make it really happen in this country.

There is no reason why we could not be No. 1 if we really wanted to be. We could produce double the number of companies that we are now producing. Every day—or every week, who knows?—someone makes a discovery that, if the right person saw it, could be exploited into something useful to make our lives better. It happens to be drugs at the moment. I think that the use of drugs in this country will increase as we better understand the molecular processes behind diseases and how we can handle them. That will be a growing area. Currently, we do not have the right structures to handle things at the rate at which they are coming on board. There is a bright future, but lots to do.

11.32 am

Willie Rennie (Dunfermline and West Fife) (LD): The UK bioindustry is one of the best examples in Europe of the exploitation of science ideas. The biotechnology industry is recognised as being one of the most advanced in the world, but it is vital that it should be recognised and maintained to sustain our lead in that field. Securing investment should encourage innovation and ensure that the UK economy will benefit as a result.

[Willie Rennie]

Britain's entrepreneurial bioscience sector is a leader in Europe, accounting for 27 per cent. of all entrepreneurial bioscience companies in Europe. The UK also accounts for 93 per cent. of all publicly quoted bioscience companies in Europe, and has a combined market capitalisation of £5 billion. The industry is one of the fastest growing in the UK, with employment expanding at over 20 per cent. annually. Three quarters of biotechnology drugs in late-stage clinical trials in Europe are produced by British companies. Giants of British biotechnology, such as Celltech, dominate the continent. It is vital that investment and careful regulation should allow us to maintain our lead in this area.

Biotechnology is recognised as being part of the next wave of the knowledge economy. The market in Europe alone was expected to be worth more than $100 billion by 2005. More than 40,000 people are employed in the biotechnology industry, mostly in highly skilled jobs—the sort of jobs that we need for the developing UK economy. The bioindustry has the potential to provide employment for millions of people in the UK, making it one of the most important emerging markets for our generation.

I pay tribute to the Government's efforts, because they have made significant efforts on the science agenda, but, more importantly, I pay tribute to bioindustry leaders. They have gone through many difficult times to make the industry successful. Before the Government get too excited by my praise, I shall point out that the level of research and development in the UK is poor. We all recognise that. Compared with Organisation for Economic Co-operation and Development and European countries, we are well below the average for R and D. Pharmaceuticals and aerospace are the only exceptions in which we are doing well. Thankfully, however, the bioindustry is starting to pull things together.

There should be more effort to improve investment in R and D. The Government have made some progress in this area with R and D tax credits and the extension that the hon. Member for Norwich, North (Dr. Gibson) mentioned, and with the framework for science and innovation, which is also great progress. There is also progress with Bioscience 2015, which has led to two world-class bioprocessing centres, including one in Edinburgh, and the single budget for medical research of more than £1 billion a year. My Liberal Democrat colleagues and I want to ensure that none of that is just smoke and mirrors. Many expectations were raised through the science and innovation framework, but much of it has not yet been delivered. We need to ensure that it is delivered.

Some areas require further success. The science base in this country does well internationally. We produce many papers and do well in academic journals, but we need to do more to turn those ideas into businesses. That is where much of the transition work is required. With education, we often hear about the number of pupils taking up science, but there are great concerns on both sides of the border that not enough are taking up chemistry, biology and physics. If we are to sustain our economic success, we need pupils to come through the system.

There also needs to be attitudinal change, which the hon. Gentleman mentioned. Many academics who I come across do not believe that it is for them to get involved in business. We need to change that and encourage them to make that transition and identify ideas that could be business opportunities.

Among public opinion, there is great concern about terrorists. As we progress with biotech advances, we should take the public with us so that they are not concerned about that progress.

I am greatly concerned that the financial pressures placed on universities mean that they often try to squeeze every last penny out of intellectual property. There needs to be a freer system in which they are encouraged to let IP go on in a more cost-effective way, so that we can encourage businesses to form clusters around universities rather than there being a squeeze for every last penny that IP is worth.

I turn to the situation north of the border, and my colleagues in the Scottish Executive, and encourage the Government to consider how the Executive are handling the progress of science there. Bringing together enterprise and higher education in one Department has meant that lessons have been learned on both sides of that divide about how to connect and address issues such as attitudinal change of academics. The Government should look at how the Scottish Executive is handling that.

The Scottish Higher Education Funding Council, which is now the Scottish Funding Council, works closely with Scottish Enterprise to provide joint funds on the proof of concept and in other areas to ensure that we have seamless government encouraging many scientists to create businesses. A new initiative that is helping to sustain many science departments in Scotland is pooling arrangements, whereby chemistry and physics departments are pooled. I know that people in many other disciplines are considering how they can work together to get the critical mass that is required to compete on the international stage. I hope that the Government will consider the efforts that are being made in Scotland to advance the cause of science.

It is right to recognise that progress has been made on the science agenda, but there is much more work to do in education and on ensuring that there is attitudinal change. It is also important to address the issue of public opinion. Finally, I hope that the Government will consider the efforts north of the border to make that advance.

11.40 am

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): First, I congratulate my hon. Friend the Member for Norwich, North (Dr. Gibson) on securing the debate. He is a great and passionate advocate of science. For all the years that I have been on the Science and Technology Committee with him, as well as the different occasions when we have been colleagues, he has passionately championed science and technology. As Chairman of the Committee in the past, he has put science at the top of the political agenda. Everyone can recognise how passionately he articulated the case for biotechnology.

Only yesterday, I was saying to my hon. Friend that I would come in to the debate for a few minutes and maybe take part for a short while. I enjoyed his speech

and I started out feeling highly optimistic, but halfway through a sort of gloom took over me. He said that everything was going in the wrong direction and we have not done enough. By the end, however, he had convinced me that the Government have made a great deal of progress and that we need to do a lot more. Overall, I can at least share that spirit with him.

My hon. Friend talked about trying to enthuse young people so that they take science and technology seriously. I agree. Some of the things that are going wrong at our universities, with chemistry and physics departments being closed, are certainly worrying. We need to enthuse our young people to go into science and technology so that we create entrepreneurs and a biotechnology industry and make it a great success.

My hon. Friend talked about the international and national perspective, and then went on to talk about Norwich. However, I want to talk about what the Government have done and how that has affected my area. I am proud of the Government, as they have done more to support science and technology than any previous Government in my lifetime. The science and technology budget has doubled since 1997. That is due to a step-by-step approach to ensure that we target the money in every sector, tackle problems for the long term and build a strong scientific base. That is to be commended. The Government have a tremendous record. I remember that pre-1997, science budgets were cut. Nowadays, they are increasing. It is a tremendous credit to the Government that that has happened.

I want also to acknowledge the influence of Government policy in the north-east and Tees valley. I want to talk about how biotechnology has affected the area and to say one or two things about where we will go from here, as well as some of the problems that I see. If we are to make progress—we have already achieved a great deal—I want the Minister to think about how we will deal with the problems, particularly in my area, because we should be thinking in the long term. I have talked to people in my area and they wanted me to pass on these matters to the Minister. I know that he cares passionately about the north-east.

In the north-east, 45 companies have biotechnology interests, with 3,832 employees and a turnover of £634 million. In addition, 23 of the companies actively engage in research and development and see that as a key business activity. The companies support 47 academic research projects, although 60 per cent. of those involve universities outside the north-east. I would love to see such activity within the north-east, but at the moment it is outside.

In Tees valley, the smaller chemical companies are working closely with larger chemical producers, and they are interacting with the Wilton research centre, which is one of the best European centres for research and development in the chemical industry. The chemical process industry, which is vital to the economy of the Tees valley and the north-east, provides direct employment for 12,000 people and indirectly employs 65,000 across the UK. Of course, the biotechnology industry and the Tees valley have tremendous opportunities.

As I mentioned in my intervention earlier, one of the great success stories has been the Centre for Process Innovation, which is part of the Wilton research centre. Recently, it was announced that a national industrial biotechnology centre would be built. That was tremendous news for us, to be the first in the north-east to lead with the centre for biotechnology. My hon. Friend the Member for Norwich, North mentioned the regional development agencies. Our RDA, One NorthEast, is certainly at the forefront and working in collaboration with GlaxoSmithKline to try to support the centre. I can see that offshoot of the research centre offering an opportunity to those who want to engage in research, develop new processes and try new products. They will certainly benefit.

I am delighted that the centre, which will be only a few miles from my constituency, will benefit the whole area. We are delighted and grateful for the support that the centre has received from the Government. In years to come, there will be many offshoots in the north-east, in the spirit articulated by my hon. Friend. A study conducted by the north-east process industry cluster predicted a 32 per cent. rise in employment over five years for existing north-east companies, certainly in the biotechnology sector. It predicted that some 1,200 new, high-skilled jobs could be created.

There is great concern about the skills requirement for our area. If we are to have a competent, successful biotechnology industry, we need to plan ahead. In the Tees valley and the north-east the issue has been raised over and over again that we need technicians. The Minister should discuss that with his colleagues in the Department for Education and Skills. We need biotechnicians, not graduates or advanced graduates—we have them, as my hon. Friend the Member for Norwich, North mentioned. Clever people—those with PhDs, research fellows and academics of a higher calibre—are not a problem. However, at technician level we are facing great difficulties. If we are to have a successful biotechnology industry, we need degree-level biotechnicians, and to deal with that we will need some sort of advanced modern apprenticeship.

Given that the centre will be ready in a few years' time and that there will be other offshoots of companies, there will be a massive haemorrhage of technicians at the required level. If we do not have the skills, what are we going to do? Will we start looking abroad? We need to plan ahead, and that is the view of the north-east process industry cluster and of One NorthEast. The Minister would find it useful to consult them.

Once the biotechnology industry makes further progress, will the Minister consider having the universities collaborate more strongly together and with the biotechnology industry? There is some collaboration at present, but as we hope to make progress there is room for further interaction between the universities.

In my area, we have a successful chemical industry and a successful research and development centre. The offshoot of that is that we now have an emerging biotechnology centre. There are great opportunities in respect of some of the ideas that my hon. Friend talked about, but it is essential that everything happens in parallel—such as the research work that needs to be carried out, and for which we have the skilled work force—in order for us to have the outcome of a successful economy.

The Government have given a lot of support—in my area, certainly. We have made much progress, but we need to plan ahead. Although I have one or two

[Dr. Ashok Kumar]

concerns, I commend the Government's efforts and the support that they have given to the chemical and pharmaceutical industries, along with—we hope, for the future—to the biotechnology industry.

We have a first-class Minister for Science and Innovation in Lord Sainsbury. He has visited my constituency and neighbouring areas on several occasions. I objected to his appointment, but he has proved to be an outstanding Science Minister. Over the years I have championed him because he has shown tremendous foresight and vision. I hope that the Minister will convey to him that I think he is doing a grand job. However, I also ask the Minister to take on board the points that I have made.

11.51 am

Lorely Burt (Solihull) (LD): I am grateful to the hon. Member for Norwich, North (Dr. Gibson) for securing this debate; it addresses an important issue. I also thank the other Members who have made valuable contributions to it.

Biotechnology is potentially one of the most exciting areas of wealth generation for our country for the foreseeable future. Although the people of the United Kingdom constitute 1 per cent. of the world population, we are responsible for 5 per cent. of the world's science and 12 per cent. of its scientific citations, and we are the second largest biotechnology country—behind only the United States of America. Biotechnology is also one of the fastest growing industries in the UK; growth is 16 to 17 per cent. compared with 7 to 8 per cent. in the pharmaceutical industry generally. As the pharmaceutical industries are certainly no slouches, that gives us an understanding of how fast the biotechnology industry is moving. There are 455 dedicated biotechnology businesses, and more than 22,000 people are employed in the industry.

It is an important area, but, in respect of many aspects of global competitiveness, the UK is suffering in comparison with countries such as China and India, which are developing fast on our heels. China has plans to increase its investment in biotechnology threefold in the next five years, and the increase for India will be fivefold. Therefore, we must move quickly. This industry must be supported properly by the Government.

Members have spoken about their local areas. In the west midlands only last week, 2,300 redundancies were announced as a result of the Peugeot factory closure. It is clear that areas such as Coventry need to reinvent themselves in respect of high value-added areas of industry in order to be able to avoid suffering the problems of mass redundancies and the misery that that generates. Marine biotechnology is a particularly fast-growing field in Coventry. I am looking forward to there being assistance through Government agencies for the development of the infrastructure to enable biotechnology to be developed in the west midlands.

I shall now speak briefly about the role of the Government. We want the industry to be as free as possible to develop itself, but there are issues that the Government cannot avoid some involvement in. The hon. Member for Norwich, North talked about Government investment, and my hon. Friend the Member for Dunfermline and West Fife (Willie Rennie) mentioned research and development tax credits. The bioscience for business knowledge transfer network was announced this year, which will promote industries working together. We are looking forward to hearing how that develops. There will be some small additional investment in that as well from the Government.

The need for skills has also been mentioned. In the UK, it seems that science has been a poor relation in many academic circles, but there are some superb centres of excellence in our universities, which have been referred to. We need to convey the excitement of the challenge that biotechnology and related sciences present for the future of the country. Only in that way will we generate the necessary enthusiasm among young people for them to want to commit to a career in these fields. I also take on board the point of the hon. Member for Middlesbrough, South and East Cleveland (Dr. Kumar) regarding biotechnicians; in that area, we need plenty of Indians, as well as chiefs.

With regard to the regulatory pathways, there has been some press criticism about the slowness of the food and drinks administration. That has held up our competitive advantage, particularly with the United States, which seems to get its act together a little more quickly in respect of regulatory pathways. Its pathways are, perhaps, a little smoother than ours in the United Kingdom.

One cannot talk about biotechnology without acknowledging that there are huge ethical issues that need to be addressed, such as stem cell research. We are hopeful that the solution to terrible afflictions such as Alzheimer's, Parkinson's and kidney failure can be found from stem cell research. There is also the controversy over the non-prescription of the Herceptin cancer drug. Anyone who has cancer and is in pain will appreciate the fundamental importance of the availability of potential life-saving treatments in those areas. I echo the comments of the hon. Member for Norwich, North about the National Institute for Health and Clinical Excellence, and its slowness sometimes in respect of being able to promote faster relief for people by the way that it operates and regulates the introduction of new drugs. There are also the issues of the potential for terrorist attacks, and the safety of the people who produce the various products.

The hon. Gentleman also referred to animal testing. Although that is clearly an emotive and difficult issue, the Government cannot duck their responsibility in respect of such areas to consider the ethical views of all members of the population. Sadly, we saw the result of faulty testing on people only the other week, when monoclonal antibody tests were done that wreaked havoc in the six volunteers.

The final ethical issues that I want to raise relate to GM. People in this country have been much less accepting of that particular technology than those elsewhere. There are also big concerns about terminator technologies and the ethical effects that they will have for small businesses and farms in poorer, less developed countries. The Government have an interesting furrow to plough in the field of technology. I echo the comments of the Labour Members who have spoken and of my hon. Friend the Member for Dunfermline and West Fife: we in this country need to facilitate the

development of what is potentially the most exciting area of industrial development. That will keep us ahead of the game and will ensure that we keep a higher value added industry that we need if we are to compete in a world with many challenges.

12.1 pm

Mrs. Eleanor Laing (Epping Forest) (Con): I sincerely congratulate the hon. Member for Norwich, North (Dr. Gibson) on securing the debate and giving us an opportunity to examine and debate this very important subject, which is so often forgotten. That is partly because if one mentioned that we were to have a debate on biotechnology to anyone walking the corridors, the most common reaction would be, "What is biotechnology?" but in fact it is a science that permeates just about every area of life, including business and the economy. The hon. Gentleman highlighted all those points extremely well. It is a worthwhile exercise to bring the subject to the House to highlight what has to be done and how we ought to perceive this important industry.

I am particularly pleased to support the hon. Gentleman because he and I are exclusive members of a very unusual all-party group, namely the all-party St. Mirren supporters group. For the uninitiated, St. Mirren is the football club of Paisley and has, after many years, just been promoted to the premier league. We are not an official all-party group because there are not enough of us to create one. The subject might not appear entirely relevant, but it is, because it shows that the hon. Gentleman is prepared to go out on a limb on subjects to which other people are not paying attention. He is a trailblazer in bringing to our notice matters that ought to be dealt with but often are not, such as the success of St. Mirren and the biotechnology industry.

Normally, my hon. Friend the Member for Wealden (Charles Hendry) responds for the Opposition on debates of this kind, but unfortunately he has other duties this morning. It gives me great pleasure to stand in for him.

Why does biotechnology matter? Several hon. Members have explained that very well. It matters enormously, first because the UK is a world leader, being second only to the United States in the development of bioscience. If we analyse the industries involved, that is not at all surprising. Innovation often begins in the UK, where we have the academic and business climate to let it begin to grow, but when it flourishes, too often our regulatory or economic regimes force companies abroad. That is not happening in biotechnology, and I hope that by highlighting the subject and allowing the Minister to address it—at some length, I hope, for which reason I shall be brief—we can make progress in supporting the industry.

It is not generally recognised—although the hon. Member for Solihull (Lorely Burt) mentioned it—that 22,500 people are employed in biotechnology industries in the UK. The effect on the alternative investment market is significant. In 2005, the AIM—sometimes described as London's junior stock exchange, because the general public do not understand what AIM is—became the de facto global market for small bioscience companies, so biotechnology is important in not only industry and the academic world but the City, too. The fact that AIM is attracting listings from not only the UK but the US, continental Europe and beyond is important in bringing investment and wealth into the City of London.

I have a few questions for the Minister, one of which regards the pharmaceutical price regulation scheme. Sometimes, because of the way in which cross-product price modulation is set up, there can be a problem for smaller companies. As the hon. Member for Norwich, North, rightly said, it is, after all, in smaller companies that innovation occurs. They are the seedbeds of biotechnology growth. However, the way in which the PPRS is constructed can sometimes cause problems, because smaller companies typically launch only one or two products, rather than a range of products, and so cannot take advantage of cross-product price modulation in the way that larger companies can, so they do not benefit from the pharmaceutical price regulation scheme. I appreciate that that is a subject that the Minister may have to consider, but it is worthy of consideration, because it would be a great pity if, inadvertently, smaller companies were put at a competitive disadvantage compared with larger companies, when it is those smaller companies that we desperately need to encourage.

We all know, from the excellent speeches this morning and from general coverage of such issues, just how important the development of bioscience and biotechnology are to the provision of antibiotics, vaccines and other drugs that are so important in health policy and in developing a better health service. However, the issue goes wider than that. It applies to international development issues such as the eradication of hunger caused by failed crops, for example. One of the solutions to that problem—and I do not mean to make it sound simple—is the development of biotechnology to improve crops. Likewise, we have enormous problems with energy supply and its security, and effects on the environment. Again, it is research currently being undertaken by small biotechnology companies and by the academic sector that will provide some of the solutions to problems to do with energy and the environment. Biofuels certainly represent an important avenue for reducing our dependence on oil and thus improving the quality of our environment. We have an opportunity here to bring that much ignored and misunderstood fact to general attention.

As has been said, it is unfortunate that the media in general often talk about the development of bioscience because of the illegal extremist activities of some who purport to care about animal welfare. Surely there is a way to balance the animal welfare that we all want to see with the need to test drugs. The UK is a world leader on the issue. Is it not better that testing on animals should occur under strictly regulated conditions in Britain? Companies would otherwise be driven away and test in less regulated conditions, which could be very harmful to the animals.

It is a pity that the criminal extremists who have waged campaigns against companies such as Huntingdon Life Sciences have been the conduit through which the subject of bioscience has been brought to general recognition. That is unfortunate because there is so much that is positive to say about it.

What can we as a legislative body do to help nurture and enhance the biotechnology industry? I do not like to ask what the Government can do, because I do not

[Mrs. Eleanor Laing]

believe that they should drive development and so on. However, it is the Government's role, on behalf of us all, to provide the necessary conditions in which this vital sector can flourish. I echo the words of the hon. Member for Middlesbrough, South and East Cleveland (Dr. Kumar), who talked about the importance of encouraging the study of science, not just among students at university but among technologically educated and qualified people at not only graduate but other levels.

Such people are vital. At present, 22,500 people are employed in the sector, and I hope that the number will increase markedly during the next decade. It will not do so if the education system does not produce enough people properly educated in the right basic subjects. The challenge for the Government is to ensure that we have not only enough graduates but enough apprentices.

The second challenge—the clash between public and private sector operations—has been identified by the CBI as a problem. I identify a parallel clash between the business and academic worlds; in the biotechnology sector almost more than in any other, it is vital that the public sector works with the private sector and that business works with the academic sector, but at present there is a lack of cohesion and understanding. I do not suggest—far from it—that the Government could put that right with a legislative programme, but if the Minister assured us that he was aware of the problem, that would be a step in the right direction. I ask not for Government intervention but that the Government ensure that the economic and regulatory regime within which the biotechnology industries, so precious to our future economy, operate, is the right one, and that there are conditions for research and development to grow, to allow this vital sector of our industry to flourish.

I conclude on that point, because I wish to ensure that the Minister has plenty of time to answer the important questions asked this morning.

12.15 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Barry Gardiner): It is always a great pleasure to serve under your chairmanship, Mr. Cummings. We have had a super debate. I always look forward to debates secured by my hon. Friend the Member for Norwich, North (Dr. Gibson). We always touch on Norwich City football team—that is an inevitable part of proceedings—but to get on to St. Mirren was quite remarkable. Here am I, an old Queen's Park supporter—my team still languishes in the Scottish second division, but we too have hopes and aspirations.

I ask you to forgive my rather croaky voice this morning, Mr. Cummings. I am sure that when I tell hon. Members that my eight-year-old's football team won the league cup on Sunday morning, they will appreciate why. I know that my hon. Friend, also, will forgive me for sounding rather more peculiar than usual.

Although there is debate on the exact timing of the birth of the bioscience industry, it is generally accepted that it started with the founding of Genentech in the US in 1976. Since then, the industry has grown from a lone start-up to a sector that generates revenues of $63 billion globally. That is phenomenal growth by anyone's standards.

The industry is still dominated by the US, and the relatively younger companies in Europe and Asia have significant challenges as they try to catch up. However, the UK's biotechnology sector is the largest in Europe—globally, as has been said, it is second only to the US—so we have an excellent platform on which to build our strategic support for the sector.

Let me rehearse some of the basic facts, some of which have been mentioned. Biotechnology is recognised as the next wave of the knowledge economy. It represents one of the fastest-growing industries in the UK. Some 40 per cent. of all European public biotechnology companies are based here, and 43 per cent. of the biotechnology drugs in late-stage clinical trials in Europe are produced by British companies. Global sales of biotech drugs grew by 17 per cent. in 2005, giving sales of $53 billion. The sale of all pharma drugs grew by only 7 per cent., so the growth in sales of biotech drugs is astonishing.

There are approximately 455 dedicated bioscience companies in the UK, employing almost 22,500 people, and in 2003 they generated revenues of approximately £3.6 billion and spent £1.23 billion on research and development. The biotech industry has the potential to provide employment for millions of people in the European Union, making it one of the most important emerging sectors of our generation.

However, in this context it is also important to mention the pharmaceutical industry, a dynamic performer of key importance to the UK economy. As my hon. Friend the Member for Middlesbrough, South and East Cleveland (Dr. Kumar) said in relation to his constituency, it has helped the growth of the smaller bioscience companies and is increasingly benefiting from closer collaboration with them.

The pharma sector has an outstanding record of innovation, having discovered and developed a quarter of the world's top 100 medicines. Among the G7 economies, the productivity of drug discovery in the UK is second only to that of the US. The UK is home to two of the world's largest pharma companies, GSK and AstraZeneca, and all the leading global pharma companies have significant manufacturing and/or research and development facilities in the UK. They invest more than any other sector in R and D in the UK. The industry accounts for 0.6 per cent. of the UK's gross domestic product and generates the UK's biggest trade surplus.

The hon. Member for Solihull (Lorely Burt) said that the UK was not at the top of the European and global league for research and development, but she should realise that in the pharma and bioscience sectors, we are. The percentage of our GDP going into R and D is not at the top of the European league, but we are right at the top and the cutting edge of R and D in the pharma and bioscience sectors. Indeed, companies such as GSK and AstraZeneca make up more than 40 per cent. of the total UK spend on R and D in the private sector.

The UK is one of the world's largest exporters of pharmaceuticals by value. In 2005, exports and the trade surplus totalled £12.2 billion and £3.4 billion respectively. The sector employs 73,000 people across all business segments, approximately 27,000 of whom are engaged in research and development activities. It also generates another 250,000 jobs in related industries.

Given the sector's enormous contribution to innovation, it is an essential partner in achieving the Government's targets under the 10-year science and innovation investment framework.

The bioscience and pharmaceutical industries are closely related and are interdependent. Many of the factors that make the UK a good environment for those industries are common to both: a strong science base; highly-skilled staff; sound regulation; and close dialogue with Government. Just as big pharma increasingly looks to biotech companies to fill gaps in its product pipeline, so they rely on licensing revenues to finance their activities and on the developing and marketing expertise of big pharma to bring their discoveries to market.

Dr. Gibson: Can the Minister explain why small biotech companies in the States, of which there were many—Gilead and so on—have become, in a sense, big companies without a merger? Why has that not happened in Britain?

Barry Gardiner: The short answer is no, I cannot do so off the top of my head. My hon. Friend raises an interesting question. I would take some time to establish a thesis as to why that has taken place, so I shall speak to my officials in the Department and write to him to develop our answer a wee bit further. There is an interesting difference between the two markets. I suspect—this is off the top of my head—that it has something to do with the more advanced venture capital structure of the US compared with ours in the UK.

A key role of the Department of Trade and Industry is to ensure that the voice of business is heard across Whitehall, that Departments take account of business needs in framing their policies, and that successful businesses are encouraged to grow in an increasingly competitive environment. We need, therefore, to be constantly in touch with industry. There has been a long history of collaboration between Government and industry.

I was particularly grateful to my hon. Friend the Member for Middlesbrough, South and East Cleveland for the way in which he spoke about my colleague Lord Sainsbury. He was right that Lord Sainsbury has been an exceptional Minister for Science and Innovation. In 2002, he and other Ministers met representatives from the BioIndustry Association, the UK's trade body for biotechnology. It was agreed that the time had come to take a more detailed look at some of the major issues affecting the sector.

As a result of Lord Sainsbury's initiative, the Government decided to set up the bioscience innovation and growth team, chaired by Sir David Cooksey. Its task was to identify any barriers that could significantly hold back the sector's growth in the UK and to make recommendations about how those obstacles could be overcome. Although it has formally finished, a great deal of joint industry-Government activity is continuing. Ministers still have regular contact with industry. That will lead to a mid-term review of the BIGT by 2007–08. Undoubtedly, the taskforce recommendations have helped to influence the shape of Government policy today. As a result, there have been many improvements in the areas of finance and investment, bioprocessing, the European market, and national health service-industry partnerships.

Dr. Gibson: Does the Minister concede that the idea of a science city will precipitate the development of small businesses, as it has in the six existing science cities? Will that be part of his remit, which he mentioned in terms of biotech innovation and development? Does he think that the science city concept will make such development occur better?

Barry Gardiner: My hon. Friend is pushing me for a clear commitment. I am unsure whether I would like to give him such a commitment. However, as he mentioned, anything that enables people to come together—whether that be around a pint of Adnams ale or whether we are talking about a science city concept—to work together and to develop innovative patterns of research and development and then push those through into products must be welcomed.

On finance, I am pleased with the outcome of the work that Paul Myners led on behalf of the Government to examine the issue of pre-emption rights, which, again, was raised in our debate. There is support for the greater flexibility of their application, which he recommended. Scott Dobie's reformed pre-emption group has been engaging industry and investors to agree new guidelines that will be published shortly. The next stage will be to monitor how they work in practice, but I am pleased with results so far from the constructive engagement of industry and investors. There has also been much dialogue with industry on research and development tax credits and their role in encouraging businesses to invest more in research and development.

On NHS-industry partnerships, the UK clinical research collaboration has been established. It is a partnership of Government, research organisations, NHS trusts and industry, united by the shared aim of establishing the UK's position as a world leader in clinical research by harnessing the power of the NHS.

EU better regulation was a priority for the UK presidency, and the Department of Trade and Industry is at the forefront of the Government's drive to improve the EU regulatory environment in this area.

I come to the central issue of skills, which was raised by several hon. Members. In November, the Association of the British Pharmaceutical Industry published a report entitled "Sustaining the Skills Pipeline in the pharmaceutical and biopharmaceutical industries", which set out concerns about the supply of suitably qualified graduates and technicians, and in particular the decline of in vivo practical skills. The report is excellent. Lord Sainsbury and Sir David King have responded by supporting some of the key recommendations, and the DTI is working with the ABPI to set up an in vivo taskforce.

We are also sympathetic to the view that there should be a science diploma for 14 to 19-year-olds. Again, that picks up on the themes of co-operation and joined-up thinking between the DTI and the Department for Education and Skills mentioned by hon. Members. The Government are determined that through that collaborative approach they will play their full part in ensuring that the pharmaceutical and biotechnology industries have a steady supply of the qualified graduates and technicians that they need.

[Barry Gardiner]

Partly because it has been topical, partly because hon. Members have raised the issue, and partly because I wanted to give the hon. Member for Solihull (Lorely Burt) the opportunity perhaps to correct a misapprehension that she may have shown in her remarks, I want to discuss the issue of the testing at Northwick Park. She said that there was "faulty testing". I want to scotch such an idea, because it is clear that, to date, the Medicines and Healthcare products Regulatory Agency has found no evidence to suggest that there was any problem with the manufacture of the new monoclonal antibody TGN 1412, nor did the MHRA find any problems with the administration of the clinical trial which are likely to have contributed to the serious adverse incidents that took place at Northwick Park.

The MHRA is still carrying out further tests to confirm those findings, but if they are confirmed, it would appear that there was something peculiar about the product and its mode of operation in human beings which led to the adverse incidents. That was not predicted in the pre-clinical research carried out on the drug, including the animal tests. I want to give the hon. Lady the opportunity to correct the record, if she so chooses.

Lorely Burt: I am grateful to the Minister for that further elucidation. I thank him for taking the trouble to explain things.

Barry Gardiner: We obviously have to work out how best to assess new types of drugs. The Government have therefore agreed to establish a group of leading international experts in the field to consider the risks associated with this new type of drug and how to make the transition from pre-clinical testing to trials in humans. Members are to be appointed from distinguished experts in the relevant fields of inquiry, including immunology, toxicology and clinical trialling.

Encouraging innovation and demand for new technologies is essential to ensuring that UK business remains competitive in the tough global marketplace. The technology strategy board is developing a national technology strategy to take a more strategic approach to Government support for new and emerging technologies. The TSB's first annual report sets out its views on strategy development and plans for future competitions. The collaborative research and development competitions have featured key technologies that have wide and pervasive applications in business, and the potential to achieve significant environmental and social benefits. A total of £370 million of DTI and Department for Environment, Food and Rural Affairs funding is available from 2005 to 2008.

Before I conclude, I should like to pick up on the question about the pharmaceutical price regulation scheme put by the hon. Member for Epping Forest (Mrs. Laing). That is the pricing agreement for the supply of drugs to the NHS—

John Cummings (in the Chair): Order. We must move to the next debate.

Environmentally Sustainable Housing Developments

12.30 pm

Mr. Jeremy Browne (Taunton) (LD): Thank you, Mr. Cummings, for allowing me to introduce this extremely important, albeit short, debate. As hon. Members from throughout the country but particularly from southern England will be aware, the Government propose to build many hundreds of thousands of extra new homes in the coming years. There is a strong need for some additional development. The *Somerset County Gazette*, a newspaper widely read in my constituency, had as its front-page splash last Thursday a feature on house prices in Taunton. It makes quite staggering reading. In 1995, the average house in Taunton cost £59,784; by 2005, a decade later, the price of the average house in Taunton had risen to £191,811—an increase of 320 per cent.

The ratio of average earnings to average house prices has made things very difficult for people in my constituency. Indeed, that scenario will be familiar to most, if not all, hon. Members. It is difficult for my constituents to afford to buy a property, so I am in no doubt about the need for extra development. People come to my surgery and say that they cannot find suitable social housing. People also say that they aspire to being first-time house buyers, but that not enough stock is available.

My concern, though, and the subject of this debate is not the numbers of new houses, which we have debated many times in the House, but the quality of those houses and how we go about providing for new communities in the future. I shall touch on three aspects of that issue. The first is best illustrated by an example. There is a community, a collection of houses, about four or five miles from Taunton, although it is still in my constituency. The community is in an area called Cotford St. Luke. Previously, Cotford St. Luke had only a handful of houses, but the local authority decided that it would provide additional accommodation by dramatically expanding Cotford St. Luke and allowing developers to build hundreds of new houses. I think that there are now about 1,000 houses in Cotford St. Luke.

The expansion started about six or seven years ago, but it was not until three years after it had begun that a primary school was opened in the village. By that stage, several hundred houses had been built. Many of them were lived in by first-time buyers who were attracted to the area and had children of primary school age, yet their children were going to schools in nearby villages such as Bishop's Lydeard and Oake and they were not forming a new community, even though they had moved to the village presumably with the intention of getting to know people in that area.

It was not until about a month ago that Cotford St. Luke, after many years of effort, finally had a shop. The population of Cotford St. Luke had reached about 2,000, yet it was impossible to buy a pint of milk, a pint of beer or anything else there. The only gathering point was the primary school, which, as I mentioned, opened only three years or so after the development began in earnest. Now, Cotford St. Luke has a shop, which is a

breakthrough, but it still does not have a doctor's surgery, a church—at least, none has been built—or many other amenities that people would enjoy, including a pub, which is much sought after by many of the residents.

I say all that because there is a difficulty in building large estates, whether they are in areas such as Cotford St. Luke or part of existing towns, without such amenities and without many public transport routes, which is often the case. As a result, the people who live in such estates are unlikely to know and bond with their neighbours and are forced in nearly all circumstances to use a car, whether to buy a pint of milk or a pint of beer. Here we are as a Parliament and a group of politicians trying to lead a national debate about the importance of climate change and avoiding unnecessary car usage, while throughout the country new estates are being built where it is almost impossible for the inhabitants to manage in even the most basic way without a car. We and the Government need to deal with that.

The second issue that I want to turn my mind to—all the issues are related—is urban spaces and parks. Again, it is well illustrated by an example. There is an area in Taunton called Holway, and at the centre of Holway is Holway green. The council proposes, as part of its quota of houses, a new development on Holway green and that approximately two thirds of the green be concreted over and turned into new houses. The people who live in the area feel extremely strongly about that. The problem is that it deprives them of one of the few areas in their community where they can walk their dog and where their children can play football—often, they can do so within view of their house, so the parents feel that the children are safe.

I read in the newspapers that the Government estimate that about one third of children are overweight—many of them are obese—and that that is creating, in the words of one senior health professional, "a timebomb" for future generations in terms of ill health. At the same time, however, another wing of the Government is permitting green spaces in urban environments to be built on, presumably with the likelihood of a consequent reduction in physical activity by children and others in the area. I therefore support the Holway residents in their desire to see that part of Taunton retained with a green space in it. I understand why that issue is of concern to people throughout the country where councils are being urged to meet the targets on house building and are looking at places that they previously would not have considered appropriate, including parks and other green spaces in urban environments. There is a big difference between those and the brown spaces, the brownfield sites, that people often hear cited.

Michael Gove (Surrey Heath) (Con): I applaud the hon. Gentleman's stress on the importance of saving green space in urban environments. Is it the policy of his party and of those on its Front Bench to support the ten-minute Bill introduced by my hon. Friend the Member for Tunbridge Wells (Greg Clark) in his attempt to ensure that garden space is not continually designated as brownfield land?

Mr. Browne: I am grateful for that intervention. I cannot speak for my party on this issue; I can speak only for myself and say that I have followed the campaign of the hon. Member for Tunbridge Wells (Greg Clark) closely and I understand the point that he is making. I personally would not wish to see building on gardens ruled out in all circumstances, and I suspect that quite a lot of people who own big gardens would not wish that to be ruled out in all circumstances either. However, I do not believe that the presumption should be towards building on garden spaces that are currently enjoyed by people in a different way from brownfield sites.

Lorely Burt (Solihull) (LD): The hon. Member for Surrey Heath (Michael Gove) mentioned the ten-minute Bill regarding garden space. I wonder whether my hon. Friend the Member for Taunton (Mr. Browne) has supported my ten-minute Bill, which relates to the planning law in respect of gardens being designated as brownfield sites instead of green space. Additionally, with regard to his earlier point about the sale of parkland, local authorities should not be in a position to sell off valuable parkland—

John Cummings (in the Chair): Order. Interventions should be short.

Lorely Burt: I beg your pardon, Mr. Cummings. I have probably made my point.

Mr. Browne: I do not wish to sound unduly partisan on this issue. Both interventions illustrate a concern, which other hon. Members have, about preserving the natural environment and the quality of life both in our rural communities and in our towns. We accept that additional housing development is needed, but it needs to take place with the utmost sensitivity, because we are talking about a transformation being made in the communities that we represent and sometimes it appears that sufficient thought has not been given to that process.

I shall quote in my support, perhaps unusually, the right hon. Member for Witney (Mr. Cameron). I had not intended to do so, but the opportunity has presented itself. He said in his current campaign for the local elections:

"Our parks and green spaces play a vital part in improving the quality of life we all enjoy—especially in urban areas, where they serve as the 'green lungs' of towns and cities."

I agree with that. My only difficulty is that it is a Conservative council in the area that I represent that wants to build on Holway green. There are difficult challenges for all of us in trying to reconcile laudable objectives with the reality on the ground.

My final point concerns the design of houses, and I can divide it into three areas as well. First, houses are built very densely. I understand why that was done, and if I were to tell a group of people, "We can halve the density, but we will take up twice the number of green fields". I suspect that they would be a great deal less enthusiastic about having less densely packed houses than they might have been. None the less, I am concerned that density appears excessive sometimes. We may be storing up social problems when we build housing estates where people literally cannot see a tree or a blade of grass because the houses built in such a tightly packed area are so oppressive and bear down on them to such an extent.

[Mr. Browne]

The second area concerns distinctive local materials. I would like people who are walking around a new housing development in Taunton to know that they are in Somerset because of the type of brick used and the style of architecture. The experience would be different from being in Warwickshire, Norfolk or any other part of the country.

Michael Gove: Once again, I am compelled to applaud the hon. Gentleman's sentiments. However, given that it is Liberal Democrat policy to put VAT on the construction of all new homes, would the additional cost mean that many new house builders, including volume house builders, would not have the space in their margins to buy and use the local materials that we would both like to see form part of new housing design and construction?

Mr. Browne: I understand the hon. Gentleman's point, but I fear that many developers will look to use their margins for profit, rather than to be sympathetic to the use of local building materials. There is also a wider point about whether we transport bricks hundreds of miles or use materials that are provided locally.

The third area, which may be the biggest challenge on a global scale, is this. In southern England, we are about to build hundreds of thousands of new houses. When people look back a century from now and consider whether we rose to the challenge in this coming decade, they may deem that we were not as successful as we would have liked. I am talking about features such as solar panelling, wind turbines on top of houses and improved home insulation. Many of those features are very difficult to fit to existing houses and are extremely expensive. The financial return comes over many years, if not decades. However, new houses present a new opportunity to improve environmental standards and the amount of energy that houses consume.

When we are judged by people at the turn of the next century, I hope that they look back and say, "Gosh, 95 years ago there was a boom in house building and a lot of towns changed markedly, but didn't the people at that time really use their initiative, flair and architectural imagination? They incorporated the latest techniques that really made a difference to the planet, carbon emissions and global warming. And didn't they do so in a way that was sympathetic to their environment? Far from detracting from the local architecture and character of places such as Somerset, they actually enhanced it. They were imaginative in how they allowed people to walk and how they allowed communities to form. They didn't just rely on people using their cars." I fear that when people look back at the turn of this century, they will not look as favourably on this period of development as we might wish.

Taunton has a population of about 60,000. The regional spatial strategy—a rather ugly phrase to describe housing development throughout the country—proposes a massive extension of the town, particularly concentrated in an area called Monkton Heathfield on the edge of Taunton, which would increase the size of the town by as much as 40 to 50 per cent. from its existing size during the lifetime of that programme. That will make a marked difference to our community and we must be mindful of the way in which we balance the legitimate need for extra social housing and of first time buyers to get on the housing ladder with the need to preserve the character of the town, which, after all, is what attracted people to stay there or move there in the first place. That is my challenge, in Taunton Deane, which I represent, in Exmoor and right across the country.

I finish with this observation, which the Minister may like to dwell on during his response. It is fairly straightforward to construct a collection of houses, but it is much harder to build a community. The Government, who are putting house building targets before Parliament, and local authorities throughout the country, need to be mindful of the need to build strong future communities as well as extra housing developments.

12.46 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Jim Fitzpatrick): It is a pleasure to see you in the Chair today, Mr. Cummings. I begin by congratulating the hon. Member for Taunton (Mr. Browne) on securing the debate on the important topic of environmentally sustainable housing. I pay tribute to his generosity in giving way to two other hon. Members to promote ten-minute Bills that were not his own, as well as providing them with some ammunition for local election literature during the next week or so.

I hope to reassure the hon. Gentleman that the Government are committed to protecting and enhancing the environment, to improve the quality of life of people today and to provide a more sustainable legacy for future generations, which was at the forefront of his points. New developments bring environmental pressures. However, planned strategic growth rather than incremental development should bring fewer environmental impacts because it allows for environmental pressures to be planned for, accommodated and mitigated at a strategic land site level.

The Department is working hard to use land sustainably, minimise impacts and seize the opportunity to raise the environmental performance of what we build. Draft planning policy statement 3 re-emphasises that brownfield land is the priority for development. Authorities are required to prioritise the allocation of brownfield land when they update their five-year supply.

The hon. Member for Surrey Heath (Michael Gove) referred to the ten-minute Bill of the hon. Member for Tunbridge Wells (Greg Clark). The Office of the Deputy Prime Minister has rebutted strongly the allegations that garden grabbing is going on. We do not take the accusations seriously. We are serious about brownfield development. I understand that the authors of the independent study do not accept some of the wildly inaccurate misrepresentation of their figures, although obviously these are serious matters and we do not underestimate their significance either.

Lorely Burt: I am somewhat shocked at what the Minister just said. If he were to visit my constituency of

Solihull, he would see, in between the lovely old houses, groups of apartments that have been built because of the grab of people's back gardens.

Jim Fitzpatrick: I thank the hon. Lady for her intervention, but I want to concentrate on the points raised by the hon. Member for Taunton, whose debate this is. The planning policy and designations relating to gardens have not changed since 1985 and planning authorities are locally accountable to their electorates. This matter is current and the ten-minute Bill will create more interest in it in due course.

Draft PPS3 retains the requirement that regions and local planning authorities should set brownfield targets in order to contribute to achieving the national target by 2008 of at least 60 per cent. of new housing development being built on brownfield land. In 1997, only 56 per cent. of new housing was built upon brownfield sites. In 2004, 72 per cent. of new building took place on brownfield sites. We are using land more efficiently, the national target has already been exceeded, and the challenge is to sustain that.

The efficient use of land is also achieved through density policy, a point raised by the hon. Gentleman. Draft PPS3 sets out a presumption that the minimum density of housing should be no less than 30 dwellings per hectare. It promotes a more flexible approach to density, setting out indicative ranges of densities by location. Between 1997 and 2004, national average housing densities rose from 25 to 40 dwellings per hectare. The Government have also been looking more closely at how infrastructure is funded to support our growth ambitions, ensuring that we can plan and deliver our infrastructure alongside new housing.

Consultation has recently closed on a proposed planning gain supplement, which would capture a modest portion of the increase in land value that occurs when full planning permission is granted. The hon. Member for Surrey Heath has raised that issue in previous debates. A significant majority of planning gain supplement revenues would go back to the local authority area from which they were raised, to help local communities share the benefits of growth and manage its impacts. The remainder would be used to finance regional and strategic infrastructure to promote growth.

Michael Gove: Will the Minister enlighten us on what that significant proportion is? Will he tell us if and when the planning gain supplement comes in? What proportion will be spent on the local authority in which development takes place? What proportion will be spent regionally? And what proportion will the Chancellor retain to fund his black hole?

Jim Fitzpatrick: The hon. Gentleman knows that I am not in a position to answer that question today, given that the consultation has just finished. However, I am sure that he will receive that information in due course.

Under a planning gain supplement regime, section 106 agreements would be scaled back to cover affordable housing and issues directly related to the environment of the development site.

The Treasury is also leading on a cross-cutting review to ensure that Government resources are better focused on providing the necessary infrastructure to support future housing and population growth. The review will establish a framework for sustainable economic growth, and ensure that decisions about the specific locations of growth are taken in conjunction with decisions about the timely provision of the infrastructure needed to sustain them.

In addition, we recently announced that there will be a new planning policy statement on climate change. It will set out how everyone in the planning process should work towards the reduction of carbon emissions in the location and design of new developments—another important step towards achieving sustainable development.

In the Thames Gateway and the three growth areas that were announced as part of the sustainable communities plan in 2003, the ODPM is working closely with partners throughout the Government and the private and community sectors to ensure that the necessary infrastructure is available to support planned housing growth in those priority locations.

In the Thames Gateway, where an additional 120,000 dwellings are planned, significant funding has been committed, including £1.3 billion to provide transport infrastructure, £1.6 billion for skills, £1.3 billion for education and £400 million for health, to ensure that infrastructure is provided alongside housing growth. Although my constituency is urban, being London docklands, the infrastructure deficiencies of the London Docklands development corporation were very much a feature of the difficulties in east London. They are now being remedied with more investment in infrastructure, so I am familiar with those problems that the hon. Member for Taunton raised.

In our other growth areas, strategic growth plans are being developed to inform growth ambitions. For example, in Milton Keynes, the Milton Keynes Partnership is in the process of producing for the area a plan called MK 2031. It will act as a stepping stone for future statutory development plans at regional and local levels. It will include proposals for new schools, health centres, parks and open spaces, and identify future locations for housing, jobs and transport links. It will ensure that from the outset of the planning process, the needs of that expanding community are understood. That approach will strengthen the planning process and ensure that growth is sustainable over the longer term.

The Government's response to the Barker review of housing supply, which was released in December 2005, took further our commitment to protect and enhance the environment alongside increased housing growth. We announced a number of new environmental initiatives that aim to address environmental pressures and minimise environmental impact. They include a code for sustainable buildings, a commitment to regulate for water efficiency, new planning policies to help manage flood risk, mandating the use of site waste management plans, earmarking 10 per cent. of growth area funding for green space projects, and ensuring that future locations for growth are identified in partnership with the Department for Environment, Food and Rural Affairs, the Environment Agency and, when established, Natural England.

We are also working hard to ensure that new locations for housing are not only sustainable, but improve the environmental performance of what we

[Jim Fitzpatrick]

build. The new changes to part L of the building regulations, taken together with changes to strengthen the regulations in 2002, will improve energy efficiency standards by 40 per cent. The tough new standards came into effect on 6 April. They will deliver savings of 0.9 million tonnes of carbon a year by 2010, which is equivalent to the amount of carbon that would be emitted from almost 1 million dwellings built to previous building regulations.

We have also developed the draft code for sustainable homes in partnership with the building industry, so that when people make a purchase, they will be able to see how well their home will perform. It will become a major selling point: people will be able to see how energy efficient their home is, and compare the long-term costs of running their home in the same way in which consumers take into account energy efficiency of household appliances.

We are committed to regulating for water efficiency. This summer, we plan to consult on proposals to drive up water efficiency in new buildings, and existing buildings when fittings are replaced. We are regularly asked, "Why not make the code for sustainable homes mandatory?" We have already strengthened the building regulations to deliver significant efficiency savings. They are mandatory. We are also revising the code to set higher standards. The revised code will form the basis for the next wave of improvements to building regulations. That makes it clear that we are committed to this agenda and to raising standards. However, the code covers a range of issues, so it is complex to impose immediately. Our way of imposing it will give the industry time to catch up with the policy and plan ahead.

The Government are working with a variety of partners to achieve the vision for environmentally sustainable housing. The Commission for Architecture and the Built Environment, which promotes high quality architecture and urban design to raise the standards of the built environment across England, and the Academy for Sustainable Communities, a new national and international centre of excellence for the skills and knowledge needed to create and renew local communities, are key partners in raising the environmental performance of what we build. Through case studies, forums and engagement with industry, we are working together to demonstrate that environmentally sustainable housing is not just an abstract idea, but a reality that can, and more importantly, must be achieved.

Mr. Browne: I applaud those sentiments and many of the Government's initiatives. However, I fear that on the ground, they are not having the effect that the Minister claims. I still see new housing developments being built with few if any amenities to serve the people who live in them. I know that the Minister is busy, but if he is ever looking outside London for a case study of a typical sized town where he might see those policies applied—or not—in practice, he is always welcome to come to Taunton. I shall show him around some of the developments that I have described.

Jim Fitzpatrick: I acknowledge the hon. Gentleman's invitation. He knows that as well as local government responsibilities, I have responsibilities for e-local government and for fire. A new regional fire control centre is being built in Taunton, and it is down on my calendar to go to see it. Perhaps we could combine the two visits when I manage to get that far west.

We are already seeing huge environmental improvements within residential developments, and in response to the point that the hon. Gentleman just made, we intend to do better still. English Partnerships, the national regeneration agency, has recently completed one of the biggest single public land acquisitions ever: the purchase of the disused Oakington barracks in south Cambridgeshire. The 288 hectare site will become the new town of Northstowe, creating about 10,000 new homes.

In developing the site, English Partnerships hopes to achieve up to 50 per cent. reductions on energy and mains water use, compared with conventional housing. It is considering such designs and technology as microgeneration through photovoltaic panels or tiles on roofs, and through windpower; solar water heating through roof mounted collectors, which can supply 50 per cent. of the energy needed for hot water; reduced energy use through better design features, such as putting the larger windows on south facing walls, using reflective green roofs and installing high performance insulation materials; water efficient fittings, such as taps and showerheads; rainwater collection and grey-water recycling for secondary uses, such as flushing toilets; and reduced waste water, through sustainable drainage techniques, which might include on-site treatment and the use of natural watercourses as part of the landscaping. All that is possible. It shows how far we have come.

I welcome this debate as an opportunity to discuss those matters, raise awareness of Government policy and seek views from colleagues about those policies. The hon. Member for Taunton raised the issue of green space projects. Developing growth areas is about not only additional housing, but the creation of sustainable and mixed communities. The strapline for the Office of the Deputy Prime Minister is "Building Sustainable Communities", as the hon. Gentleman knows. It means providing that green spaces improve the urban environment and create an important place that people can enjoy.

Green spaces provide important environmental functions such as absorbing and filtering airborne and waterborne pollutants, providing shelter and urban cooling, protecting biodiversity and mitigating flood risk. That is why we are earmarking 10 per cent. of our growth area funding for green space projects.

Parkinson's Disease

1 pm

Mrs. Madeleine Moon (Bridgend) (Lab): I am glad, Mr. Cummings, that you are chairing this debate, which is my first Westminster Hall debate. It is taking place during Parkinson's awareness week. The Parkinson's Disease Society is using this week to launch its "Get it on time" campaign to ensure that people with Parkinson's disease in hospitals and care homes get their medication on time, every time.

This campaign should not be needed. Having worked in health and social services settings for 25 years, managed a joint health and social services team working with people with dementia, written social services contracts and been an inspector with the Care Standards Inspectorate for Wales, I cannot accept that a charity focusing on a long-term degenerative condition should need to launch a campaign that focuses on patients receiving their medication on time. This is not just an issue of patient choice, but an example of health and social care settings failing to provide basic care, basic rights and basic protection and quality of life for those with Parkinson's disease.

I want to make clear the implications for someone with Parkinson's disease of not getting the right medication on time. Parkinson's disease is a degenerative neurological condition for which there is currently no known cure. Consequently, clinical treatment focuses on management and control of symptoms. Parkinson's disease occurs as a result of loss of cells that produce the neurotransmitter dopamine, which is one of the brain's chemical messengers and enables people to perform co-ordinated movements. We do not know why those cells die.

The main treatment for Parkinson's disease is medication, and specific drugs work by replacing or mimicking the action of dopamine. Patients are often on a number of drugs, each of which must be taken throughout the day at specific times. Alun Morgan, who is chair of my local Parkinson's Disease Society, needs a mixture of five tablets and capsules at 7.30, 10.30, 12,30, 2.30 and 6.30. They stimulate a complex, carefully timed release of chemicals to the brain to control his symptoms.

Common conditions and features of Parkinson's disease can include slow walking, poor posture, freezing—that is, inability to move—a running gait of small, unsteady steps with the result that patients are liable to fall, and a tendency to stoop backwards when walking. The proper timing of medication is vital to managing the symptoms. If someone with Parkinson's disease is unable to take their prescribed medication at the right time, the chemical balance is altered and disrupted, and so their disease can become uncontrollable. With an uneven release of dopamine, a person may suddenly be unable to get out of their chair, walk or get out of bed. Their sleep may become disturbed and their bowel and kidney function and digestion may be affected and they may have mood swings, hallucinations, anxiety and fear. All those things may happen because they do not get their medication on time. Once that balance of chemicals has been upset it may take hours, days or even weeks to get it right again and to stabilise it so that the patient and their carer can get on with life again.

The Parkinson's Disease Society is using this week to lobby hospitals, chief executives, chief nursing officers, chief pharmacists, consultant neurologists and geriatricians, and patient advice and liaison services to promote awareness of the disease and the need for prescribing accuracy and access to correct and timely medication. Following the awareness week, the society plans to move on to target the care sector and raising standards in care homes.

With so many problems, new initiatives, developments and questions concerning Parkinson's disease, the society should not have to spend its time and money and its members' resources on raising the attention of professionals to what should be a basic standard of awareness, care and provision in hospitals and care homes. Sadly, the daily experience of patients with Parkinson's disease shows that it does need to spend that time and effort.

From my past working experience, I know that there is no simple reason why people with Parkinson's disease may not get their medication on time. All too often, nurses and care staff do not understand the condition or how important it is to stick to a medication regime. With the new faster pace of the national health service, patients may be admitted to wards where the nurses have no experience or background of nursing patients with Parkinson's disease. Friends who are nurses tell me that with the spread of specialism in nursing, nurses' general bank of information and knowledge about a wide range of conditions is being lost.

On the whole, hospitals do not allow patients to bring into hospital the medication that was dispensed at home by their general practitioner and that works for them. The hospital pharmacy may not have the required medication or it may take some time to obtain it. Sometimes the pharmacy sends up standard-release medication as a substitute for slow-release medication, which substantially alters the nature of the medication for the patient. Meanwhile, the lack of understanding of Parkinson's disease, coupled with the inflexibility of drugs rounds in hospitals and care homes, can have a devastating effect on the patient's functioning.

A survey of Parkinson's disease nurse specialists uncovered the nature and extent of current problems in hospitals. None of the nurses who responded to the survey said that in their hospital medication was always administered on time to Parkinson's disease patients and only one in four said that that normally happens. One in five believed that patients rarely or never received their medication on time, 46 per cent. felt that awareness of medicine management among hospital staff was not high and one in 11 felt that ward staff were very unaware of medicine management in relation to Parkinson's disease. It was noted in additional comments that missing medication caused disturbance and distress to patients and carers and exacerbated the condition, and knowledge of pre-operative and post-operative medicine protocols and the interaction of Parkinson's disease drugs with other medication was described as limited.

If there is slow progress in some hospitals, there is even greater lack of progress in medication management and the rights of patients in care homes. In February this year, the Commission for Social Care Inspection published "Handled with care?" It showed that nearly half of care homes for older people and younger adults,

[Mrs. Madeleine Moon]

which provided 210,000 resident places, are still not meeting the minimum standards relating to medication. That lack of responsiveness suggests that care homes do not have sufficient incentives to take change on board, despite the risk of prosecution. I saw that at first hand as an inspector. I saw drug rounds not having started two hours after they were due and out-of-date medication on trolleys. I saw medication for a specific patient given to someone else with an adverse reaction as a result.

The inspectorate's report shows that between 2003 and 2005, the proportion of homes for older people and younger adults meeting the national minimum standards for medication increased to only 65.5 per cent. in homes for older people and to 61.5 per cent. in homes for younger adults. The report states that

"the standard for medication is amongst the most infrequently met in care homes, and the improvement in performance is slow compared to the marked improvement seen in many other standards over the past three years."

Inspectorate pharmacists have also identified risks to service users because of the poor standard or complete absence of training for care workers.

That report is about England, but the situation is no different in Wales, where colleagues confirm that the report mirrors practices and difficulties that are experienced there. Why is this happening? Homes must meet standards on medication, which require administration by designated and appropriately trained staff. Training for care staff must be accredited and include basic information about how medicines are used and how to recognise and deal with problems of use, but sadly there is no commonly agreed accreditation programme. I have seen older, experienced staff pass on bad practice to new staff, then sign a training form and call it accredited training.

I do not want to be unremittingly depressing during this debate, as change is happening, and good practice does occur. Changes are made as a result of listening to patients and their carers. One simple change has been to provide pill timers to nurses. They carry the timers and know when the alarm sounds that it is time for the Parkinson's patients to have their medication. Sadly, the timers are not generally available—a Parkinson's patient will find them extremely difficult to get from their local pharmacy—but some hospitals are gradually rolling them out.

Some hospitals have made training videos with their local Parkinson's society and provided laminated posters and information sheets for ward staff. One hospital has a database that highlights Parkinson's patients coming in, so that the pharmacy will know that it has to get in a supply of their medication.

When doing the research for this debate, I was most impressed by a new procedure piloted in a hospital where joined-up thinking has helped solve many of the problems. By establishing medication records within hospital and community pharmacy services, patients' records can be updated if a GP changes their prescription. A new drug chart with a different appearance and colour that highlights the fact that Parkinson's patients have different medication needs reminds nurses that such patients must receive their medication on time.

Mr. Jeremy Browne (Taunton) (LD): I applaud the time and attention that the hon. Lady has given to the needs of Parkinson's disease sufferers. Does she share my desire for the Minister to speak about the search for potential cures for Parkinson's disease, in particular stem cell research? Britain has a real opportunity to carry on with pioneering work and lead the world in easing the suffering of millions of people around the world who suffer from Parkinson's disease and, for that matter, other terrible genetic conditions. People could benefit on an even greater scale from the work being done here in Britain.

Mrs. Moon: I thank the hon. Member for Taunton (Mr. Browne) for his intervention. I appreciate his interest in the debate, and especially for staying on after his own debate to take part in this one. I know that he has a personal interest in the matter, as a member of his family has developed Parkinson's disease. I hope that the Minister will be able to give some time to the issue that the hon. Gentleman raises, but today I wish to emphasise the importance of Parkinson's awareness week and the campaign about medication. This matter must end here, this week. We must not have this debate ever again.

In the hospital to which I referred, a new system is being developed for Parkinson's patients to self-administer their medication, which is important. The hospital has been able to develop clinical governance and an assessment that allows staff to decide whether a patient needs nurses to monitor the timing of their medication. If such patients cope at home, why cannot they cope in hospital? They can manage their own medication, and they know that they will get it on time. The hospital also has a system in place to ensure that it is well supplied at all times with Parkinson's medication.

Those arrangements mean that if a patient is deemed capable, they are given a little bum-bag—excuse the expression—containing their medication, which they can take when they are ready. They do not have to wait for nurses to be ready. Patients with Parkinson's are not always able to self-administer their medication, but the campaign and the hospital provided a training regime for all the nursing staff in the hospital.

As well as the "Get it on time" campaign, the Parkinson's Disease Society is making one small financial request for an extension of funding for the medicines management collaborative project, which has done so much good work to promote progress and best practice in medicine management across so many trusts.

There are care standards, clinical governance standards, medicine management frameworks and national service frameworks, yet we are having this debate. It is still necessary for staff working in hospitals and care homes to receive training and to come to understand Parkinson's and why timely medical management is critical. Hospital and care home staff must be asked to listen to people with Parkinson's and to their carers and families. Monitoring and recording of adverse drug incidents due to mistimed medication must increase, hospital pharmacists must stock an easily

accessible, broad range of Parkinson's medicine and people with Parkinson's who have the capacity to self-administer must be urged to do so. Finally, people with Parkinson's must get their medication on time, every time.

Those are modest demands. If implemented, they would not only improve the care and protection of those with Parkinson's, but save patients, carers and care and nursing staff from having to cope with the trauma and indignity of Parkinson's patients not being able to stand, walk, think, hold a cup or turn in bed, or becoming confused and hallucinating or being distressed by incontinence. Medication on time means independence, dignity, safety, control, protection—all priorities set out in the Government's dignity in care campaign. Along with medication that is given on time, people with Parkinson's will be given dignity. I look forward to the Minister's reply.

1.17 pm

The Parliamentary Under-Secretary of State for Health (Mr. Liam Byrne): Thank you, Mr. Cummings, for the opportunity to respond to this debate. I did not compete in the London marathon yesterday, but I am training for a half-marathon that will take place soon. Frankly, it would have been quicker to have run from Liverpool Street this morning. I congratulate my hon. Friend the Member for Bridgend (Mrs. Moon) on her powerful contribution this afternoon.

This is Parkinson's awareness week. I wish to start by recognising the importance of raising public awareness about those who live with the disease—not just the people who have the disease, but their carers and families. I pay tribute to the Parkinson's Disease Society for the important part that it plays in providing support, advice and information that make a world of difference to so many people who live with Parkinson's every day. The society is an essential part of the support and care that is now on offer in this country, and it should be proud of the work that it has done in the past few years.

The background to today's debate is the transformation of care, particularly for older people. Most people who suffer from Parkinson's disease are over 50, so they are the very people who have benefited from the remarkable changes in the national health service and the social care system over the past few years. Life expectancy is at a record high, and GPs and consultants are now far less likely arbitrarily to deny care to older people in the way that we know happened once upon a time. For example, heart surgery for the over-75s has gone up from 2 per cent. to 10 per cent. That is a good example of how age discrimination has been stamped out in the past few years. That did not happen by accident, but because of our approach, the application of our values and our record investment in the health and social care system.

Not only do older people now get treated when they go into hospital but they get home faster. We have slashed the number of delayed discharges from over 7,000 on any given day in 2001 to just over 2,000 by December 2005. When older people get home, they are provided with far greater support than in the past. Homes with home care are up by more than 52 per cent. since 1998–99, and 40 per cent. more people are supported in living at home than in the past. That is very much the result of implementation of our idea that, for most people, the best care home is their own home. We made that possible through free nursing care, regardless of setting; rapid assessments for social services; and free community equipment and intermediate care services.

There are just five points that I want to make in response to my hon. Friend. The first is about how we conduct care. She talked about the national service framework, and it is important that we have such a framework. It took a long time to develop, and I am particularly grateful to the Parkinson's Disease Society and others for ensuring that there was effective input into it. The NSF focuses on improving services across England; it is an ambitious plan, and we will not achieve it overnight, which is why it has a 10-year time horizon. However, the vision on every page of the NSF is very simple: it is about ensuring that people with neurological conditions live life to the full in 21st century Britain. We have done an enormous amount to transform opportunity over the past few years, and everybody needs to live life to the full, including those with Parkinson's disease.

Mr. Browne: Will the Minister comment on my earlier point? Obviously, we are all enthusiastic about people who suffer from neurological conditions having the highest possible quality of life, but what are the Government doing to support scientific research, including stem cell research, on potentially groundbreaking treatments and cures for terrible conditions such as Parkinson's? How are they supporting and encouraging such scientific activity?

Mr. Byrne: I will be delighted to write to the hon. Gentleman about stem cell research later, but I will touch on research into neurological conditions in a moment.

Although the NSF is in place, we want to go further. That is why we commissioned the National Institute for Health and Clinical Excellence to publish clinical practice guidelines on Parkinson's disease for the NHS in England and Wales.

My second point relates to our continuing labour, together with the Parkinson's Disease Society, to find a cure and a treatment that can mitigate the conditions suffered by those with Parkinson's disease. At present, the medical profession has no means of curing Parkinson's disease or preventing it from developing. One day, we hope to find a solution through new research, but for now it is possible only to minimise symptoms through medication. That is why the Parkinson's Disease Society and my hon. Friend are right to underline the necessity of delivering medication on time.

We have established £20 million of initiatives to speed up the development of new medical treatments for dementia and neurodegenerative diseases, and the dementias and neurodegenerative disease research network will be led by University college London and the university of Newcastle upon Tyne.

To ensure the effective treatment that is the hallmark of the NHS at its best, however, we need to ensure that medical staff operate with the right knowledge. My hon. Friend mentioned stories about poor practice being passed on from one generation of medical practitioners to another. That is absolutely unacceptable and must be eliminated from the NHS and the social care system.

[Mr. Byrne]

One example of the way in which we are supporting care staff is systems such as PRODIGY, which is an online, up-to-date, interactive decision support tool. It is a source of clinical knowledge that helps health care professionals and patients manage common conditions that are generally seen in primary and first-contact care. I noted with interest that the section of PRODIGY that is devoted to the diagnosis, treatment and management of Parkinson's expressly recommends the Parkinson's Disease Society as a source of information and support. That is an example of how the society is well and truly embedded in our health and social care system.

My fourth point—this is central to my hon. Friend's remarks—is about how we ensure that medicines are properly managed. She is right to talk of the need to administer medicines on time, and I have asked that national minimum standards in social care be reformed to tackle unacceptable practices. As she knows, I recently set up a panel of dignity guardians—experts in the care of our citizens—to advise me on how those standards can best be revised.

Similar reforms are under way in the NHS. A good example is the team based at the National Prescribing Centre, which has helped NHS organisations improve medicines management services since 2001. The medicines management collaborative has worked with 146 primary care trusts throughout England and the hospital medicines management collaborative has helped 44 trusts. The community pharmacy framework collaborative has 28 PCTs participating in its programme, together with a number of other PCTs, and the integrated medicines management programme has 25 trusts participating in its programme.

I was especially glad that my hon. Friend highlighted the importance of the self-administration of medicine. In all the conversations that I have had with societies and organisations that support patients and carers in this field, I have been struck time and time again by the degree to which patients in the NHS often know much more about their conditions than anybody else. We must support that instinct, and that is why the White Paper, which we published in January, sets out ambitious plans for expanding the expert patients programme, and we want to increase the number of places in the programme to up to 100,000.

We also said that we needed to do something else alongside that and that we needed to introduce and expand the expert carers programme. Again, that idea was not thought up in Whitehall, but was brought to us by the Alzheimer's Society. In my constituency office in Hodge Hill, its representatives told me that carers who work with patients or users of social care are working with people whom they love very much and whom they want to support in completely different ways. However, they are often denied information about how they can best help and they are also denied the mutual support and reciprocity that come from peer networks. The expert patients programme and the expert carers programme need to develop those networks so that people can do more to support each other in our communities, and we shall introduce plans in respect of both those programmes a little later this year.

I touch on carers because they are sometimes much neglected in the debate about the health and social care system. There are 6 million carers in this country, and when we went out to the public to ask for their list of priorities for the health and social care White Paper, it was striking how high carers came up that list. That underlines how neglected carers have been in the debate to date. We want to ensure that carers who look after people with Parkinson's disease are given the best possible care themselves, because caring for a person with a long-term condition can be socially, physically and psychologically demanding, and it is important that we provide the support that such carers need.

We listened carefully when carers told us what they needed and we have outlined a new deal for carers. We will update the Prime Minister's strategy on carers. We will also encourage primary care trusts and local authorities to ensure that they have in place a lead to deal with carers' issues so that there is somebody in every community whose day job is to think about carers' needs. In addition, we will introduce the national helpline that carers' organisations have sought for some time.

When I talk to carers in my constituency, I am constantly struck by the fact that they often have no sense of what they are entitled to. The Government supported the Carers (Equal Opportunities) Act 2004, which the House passed last year. It will induce a step change in the support that is available to carers throughout the country. We will add to that through White Paper initiatives such as emergency home-based respite care. We will also continue support through the carer's grant, which will have been worth about £1 billion by the end of 2007–08. Those are all important aspects of improving the quality of life of those with Parkinson's disease and their families.

My final point relates to the need for further reform. The health White Paper set out an ambitious programme for shifting care out of hospitals and into the community, which is exactly where people want to see it—they want a national health service that is available not only around the clock, but around the corner. Throughout that reform programme, we must send a clear signal that this is ultimately about standards. That is why we have introduced the dignity in care campaign, which underlines the point that treating people with dignity is about treating them in the way that they want to be treated, not the way that we want to be treated. That is why we are taking steps to regulate the social care work force and why we have introduced the safeguarding vulnerable adults legislation. That is also why we are cracking down on elder abuse and working with Comic Relief to understand the issue in greater depth.

John Cummings (in the Chair): Order. We must now move on to the next debate.

Police Station Help Desks (West Yorkshire)

1.30 pm

Philip Davies (Shipley) (Con): It is a pleasure to speak in a debate that you are chairing, Mr. Cummings. I am grateful to have the opportunity to debate a subject that is causing much distress among local residents in my constituency and throughout West Yorkshire as a whole—the closure of local police station help desks. I am also grateful to the Under-Secretary of State for the Home Department, the hon. Member for Wythenshawe and Sale, East (Paul Goggins), for taking part in this debate. He is a reasonable man and I hope that he will be able to offer some hope to my constituents, for whom the problem is causing much distress.

West Yorkshire police has already decided to close 12 police station help desks. They are at Ovenden, Heckmondwike, Sowerby Bridge, Rothwell, Ossett, Normanton, Brighouse, Cleckheaton, Batley, Otley and, more importantly to me, Shipley and Bingley. West Yorkshire police has also said:

"Further work to identify if any other help desks should close is being carried out and this will also take into account the working hours of help desks, some of which will be reduced, however the details of these have yet to be finalised".

It is clear that the list is not final and that more could follow.

I hope that you will forgive me for being somewhat parochial, Mr. Cummings, and allow me to focus on the two police station help desks at Bingley and Shipley that are to close in my constituency. The closures would mean that no police station would be open to the public throughout my constituency at any time of the day. That is a disgrace. The Government and West Yorkshire police alike often sing the praises of neighbourhood policing and stress its importance. Indeed, I support the concept of neighbourhood policing, which is important to the general public. However, it would appear that I have a different understanding of neighbourhood policing from that of the police and the Government.

Neighbourhood policing should surely be about much more than seeing an extra officer walking down the street, although that would certainly be welcome. Surely neighbourhood policing should be about how close the police are to the community and how accessible they are. Having police stations open to the public is a vital part of neighbourhood policing. I would be grateful for the Minister's view on the importance to the Government of police stations in delivering their programme of neighbourhood policing.

Shipley used to be the centre of its own police division. Now it will not even have a police station open to the public. Are we really seeing a move towards more neighbourhood policing? From my constituents' perspective we are moving further away from neighbourhood policing, towards something much more remote.

The closure of these police stations to the public is not merely symbolic; it will have a real impact on people. What will happen, for example, when somebody in the centre of Shipley or Bingley sees something that they want or need to report to the police, but they do not happen to have the phone number to call at hand? What will happen to people who want to hand in lost property? What will happen when courts ask people to report to a local police station as a condition of bail? What will happen when, say, a motorist is asked to take their documents to a local police station? The answer for many people in my constituency will be that they cannot do so, because there will be nowhere to go locally. People will probably end up having to go to the divisional headquarters in Keighley. Surely that is unacceptable.

No doubt the Minister will say that those are operational matters that are best left to the police, without Government interference. I would certainly welcome a move towards allowing the police to work without Government interference, but West Yorkshire police does not want to take that decision. In a letter sent to me on 18 March, Chief Constable Colin Cramphorn says:

"I of course understand your concerns and indeed your unhappiness; none of us are happy about making cuts but we have been left no choice. This year's budget settlement, together with the failure to apply the needs based funding formula has cost West Yorkshire Police £15 million."

There is now talk in the local newspapers of West Yorkshire police needing to find savings of more than £17 million. It is clear from that letter that we are not talking about an operational decision entered into willingly by the police, but something that has been forced on them by the Government's inadequate funding. The police have said they are going ahead simply because they need to save £700,000 in their budget.

The police are placing the blame for the closures on the Government, so could the Minister explain why the funding for West Yorkshire police has left it so strapped for cash that it needs to take such drastic measures? Are we seeing another example of the Government presiding over feast and then famine in our public services? What will the Minister do to make up the chronic shortfall in funding for West Yorkshire police?

I am not entirely sure how West Yorkshire police has calculated a saving of £700,000 from closing these police station help desks. The force has said that the police stations themselves will not close and that they will still be used as operating bases. They will still be open, lit and heated; it is just that the public will not be able to have access to them. I therefore do not see how any savings can be made on the buildings.

West Yorkshire police has also said that it intends to avoid redundancies, so it appears that there will be no saving on staff costs either. Without savings on the buildings or on staff costs, I am not entirely sure how the figure of £700,000 was reached. Perhaps the Minister will be able to help me out and explain how such savings can be made without the closure of the buildings or staff cuts. Many people are concerned that the closure of the police stations will follow shortly to realise these savings. I intend to take up that point with the assistant chief constable when I meet him on 5 May to discuss the closures further.

The closure of the help desk at Shipley is even more of a scandal. It has already been closed for weeks, for refurbishment—yes, refurbishment. West Yorkshire police has spent tens of thousands of pounds

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refurbishing the help desk at Shipley, yet it will not even reopen to the public so that we can see it in all its splendour and glory. Surely the Minister must agree that that is a scandalous waste of taxpayers' money and more waste in our public services.

The Minister might also be interested to know that, at a time when West Yorkshire police has had to close these help desks, it is delivering an eight-page newspaper to every household in the county. Surely if money needs to be saved, that should be the first thing to go. The newspaper does not even inform people of the closure of the help desks. You could not make it up, Mr. Cummings. Do the Government encourage their money to be spent on that wasteful propaganda or does the Minister agree that a police force should not be able to afford to dish out a newspaper full of propaganda that nobody is interested in when it cannot even afford to keep its police station help desks open?

West Yorkshire police says that the help desks to close have been chosen because fewer than 100 people a week use them. That might be the case, but it does not reflect the importance that help desks have as a reassurance to the local community. The small number of people who use them is also due to their opening hours. Bingley police station is open from 9 am to 1 pm, Monday to Saturday, while Shipley police station's opening hours are only slightly more generous, with an extra two hours in the afternoon.

If the police can afford to open the stations to the public for only four hours a day, which bright spark decided that the best hours to open were between 9 am and 1 pm, when the fewest crimes are committed and most people are at work? No wonder hardly anybody is using the help desks. Has there been some encouragement to open the help desks at the most inconvenient times, so that we have fewer operational police stations and an excuse to get rid of them? Does the Minister agree that these stations should be open at hours that suit the public, not the people working in them?

If all these police stations are to be closed to the public for good, surely a trial run could be held with them opening in the evening to see how many people used them then. We could then ascertain whether people would use the local station if they had the opportunity to do so. Would the Minister agree to fund such a trial, keeping those stations open in the evening for a limited time to see how they were used?

The closures were forced through without public consultation, and with no one from the police authority or the senior ranks of West Yorkshire police even having the decency to come to Shipley and Bingley to explain why the help desks were being closed. If it was such a good idea to close them, I would have expected someone to explain the rationale behind the decision and to tell the local community why it was such a good idea.

People in my constituency feel extremely strongly about the matter. I have conducted one survey after another in my constituency, and crime and the fear of crime is constantly said to be the most important issue. Keeping local police stations open, even for a few hours a day, would at least give people the reassurance that the police were close at hand and that they cared about crime in the local community.

A 900-signature petition from people concerned about the closure of the help desks was collected in only a few days by local residents Andrew Rowley and David Herdson, to whom I am grateful. It was presented to me last week. The fact that they were able to collect so many signatures in such a short time shows the strength of feeling in my constituency about the closure of the help desks; it shows how important they are in reassuring the local community. Some who signed the petition had used the police stations and some had not, but all felt that it was important that they should be able to do so.

The Minister could prevent the closures by giving West Yorkshire the necessary funding. The £15 million cut referred to by the chief constable in his letter to me would be extremely welcome, as it would safeguard the stations. Even £700,000 would keep them open to the public. Only £100,000 would keep the two stations in my constituency open to the public; that is all that would be needed to safeguard those two help desks. Given that the cost to West Yorkshire police of its unnecessary merger with other forces has been calculated at £50 million, with a nationwide cost of about £500 million, that is a drop in the ocean.

Keeping police stations open to the public is surely far more important than spending money on new logos and mottos for a regional police force. If the Minister were to ask my constituents, or even his, what else could be done with the money, how many of them does he think would ask for a regional police force? Does he not think that most would prefer to see the money spent on more police officers, and allowing more police stations to remain open for longer? I believe that the stations should be open for longer, not closed. Not only is it a bad move, it is a move in the wrong direction. I therefore urge the Minister to find the money to keep the police stations open. This issue demonstrates to us all how important neighbourhood policing is to the Government.

I am grateful for having been given the opportunity to put the case for keeping these stations open. I hope that the Minister will take the opportunity to save them.

1.44 pm

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): I congratulate the hon. Member for Shipley (Philip Davies) on obtaining this debate. He is right that in his constituency and in mine—and, I believe, in every constituency—crime and the fear of crime is a top priority. It is certainly a Government priority to ensure that we deliver greater safety and security to our communities. He is also right that a matter of such intense debate in his locality should be brought to Parliament, so that his and his constituents' views and concerns can be aired, and I congratulate him on doing so.

The hon. Gentleman anticipated one aspect of my response early in his speech. The management of the police estate in West Yorkshire, the allocation of resources and budget decisions, and the ownership of police stations and how they function is a matter for local decision-taking—it is a matter for the chief police constable and the police authority, although they should do it in a way that is open to public scrutiny and debate. The hon. Gentleman referred also to the fact that the assistant chief constable is anxious to enter into

discussions with him and his colleagues. People want to have ready access to the police service. It is an important aspect of modern policing, so any change in the way that services are delivered should be taken only after surveys and appropriate consultation have been undertaken. That was certainly the case in relation to access to police station help desks in West Yorkshire.

I hope that the hon. Gentleman will agree that the opening times of help desks is not the sole determinant of the effectiveness or accessibility of the police. There are other more modern methods of taking the police service out into the community in a more accessible way—in shops on the high street, in kiosks and in mobile police stations, which are particularly relevant and helpful in rural areas. We need to get the right balance between access to the service and the visible presence of police officers and community support officers on the street. None the less, I applaud the hon. Gentleman's support for neighbourhood policing.

West Yorkshire police authority's decision was informed by research undertaken by Thornton management service, which was commissioned by the police authority to investigate the number of visitors attending front-counter help desks at police stations throughout West Yorkshire. That commission was the result of data provided by Her Majesty's inspectorate of constabulary comparing the proportion of personnel working in various functions across the country. The HMIC data highlighted the fact that West Yorkshire had a higher than average proportion of personnel working in help-desks functions. Not only did the consultants gather data; they also made observations about the way in which the help desks were used. They concluded that, for reasons of efficiency, it made sense to close some desks, particularly those with low levels of activity. It was not done simply to close the service; it was done because it would allow the staff and resources currently used to keep those desks open to be redeployed.

That required not only number crunching but professional judgment and local knowledge. Although the criteria used to judge low activity was fewer than 100 visits a week, regard was given to the circumstances of the area. For example, although Todmorden police station had fewer than 100 visits a week, it remains open because it is in a more remote area. It is worth recording that the consultants found one station that had 54 visits a week by members of the public, but that 2,190 visits a week were made to another.

The police authority decided to consider the efficiency and effectiveness of the system to ensure that resources are used to the fullest effect. Like the hon. Gentleman, I have a list of the police stations that are affected. Most of those that are to remain open had help desks that were already open 24 hours a day, seven days a week. They will continue to provide that service.

The hon. Gentleman noted that the help desk at the Bingley police station was open only from 9 am till 1 pm. He invited me to say that if it was open for longer, more people would visit it. That may be true, but opening it for longer would require more resources; it would be more expensive. Again, that is a decision for the police authority.

I emphasise that West Yorkshire police has assured me that it is listening to the concerns of the hon. Gentleman and others. Assistant Chief Constable Crompton has written to Members of Parliament and local authority councillors to explain the changes and invite dialogue. I am delighted that the hon. Gentleman is taking up that offer on 5 May, I think—

Philip Davies *indicated assent.*

Paul Goggins: That date is close to but just after local elections. The meeting will give the hon. Gentleman an opportunity to raise several of the points that he has raised today. He asked a perfectly legitimate question, which I cannot answer, about why money has been spent on refurbishing Shipley when, he alleges, that resource will not be used properly. I do not know the answer to that; I trust the hon. Gentleman's assertion in this debate, but he will get a better answer from Assistant Chief Constable Crompton than I can give him. He will also be able to ask him how the figure of £700,000 was estimated as the overall saving, and about several other practical issues.

Not everyone shares the hon. Gentleman's view—not even everyone in his party. I noticed with interest a report in the *Brighouse Echo*—a journal which I regularly look at—on 14 April, I think, which quoted the Conservative candidate for the Brighouse ward in next month's council elections, Alan Taylor, as saying that

"pedestrians and elderly people felt the police station was too far from the town centre."

It went on to say that he claimed there had been "posturing and over reaction" to the proposed closure. I do not allege that the hon. Gentleman is posturing or overreacting, but there is clearly a debate to be had. There will be concerns within and across parties. The dialogue offered by the assistant chief constable is welcome.

Most people contact the police by telephone. We should encourage them to do that and to do it in an appropriate way. With the commitment to neighbourhood policing, we want not only for there to be telephone contact, but for officers to be known to local people by name, for mobile phone numbers to be available so that ready contact can be made, and higher visibility of officers on the street. All that is important in taking work forward.

The question of reducing and, in some places, closing police station help desks needs to be set against the overall record of the West Yorkshire police authority and the police officers in its area. The build-up of resources, their effectiveness and their deployment to reduce crime and make the area safer are impressive in the hon. Gentleman's area, as is the commitment to neighbourhood policing. West Yorkshire had a record 5,691 police officers in September 2005, which is 482 more than in March 1997 and an increase of 60 within a year. West Yorkshire is deeply committed to the introduction of community support officers and the development of their role. There were 433 CSOs there by last September, and those numbers will rise, not least with the Chancellor's commitment in the Budget to bring forward money to ensure that we can recruit CSOs in even greater numbers.

There is a strong commitment to neighbourhood policing, which is clearly a great priority for the Government. We recognise that citizens and

[Paul Goggins]

communities want local policing that enables greater police understanding of local priorities and problems and enables them to tackle the issues that are most important to local people. We have committed ourselves to working with the police in West Yorkshire and elsewhere to ensure that neighbourhood policing is introduced to every community, including those in the hon. Gentleman's constituency, by April 2007. Initially, we thought that it might be 2008 before that development could occur, but the Chancellor's Budget commitment has enabled us to bring matters forward.

When neighbourhood policing teams are operating nationwide, communities will have access to policing services through a named point of contact. I accept that front desks and help desks are important, but it is that contact and access to individual police officers that is at the heart of our neighbourhood policing strategy, and that is what will make a difference. I am informed by West Yorkshire police that it has set up the framework for neighbourhood policing, which has increased local access to police throughout West Yorkshire. Teams of officers and community support officers already offer a highly visible and popular service. Increasing numbers of people are attending surgeries at police contact points. These are some of the innovations that I mentioned. They are held in accessible locations such as shops, schools and places of worship. West Yorkshire is firmly committed to rolling out these new and more modern places of contact.

West Yorkshire police has also recently established a neighbourhood policing website, which provides relevant, up-to-date information and a means of direct contact for people in every neighbourhood. Our constituents increasingly use new technology and go on to the internet to gain more information about their local police and public services, which is a good thing and will give more immediate contact.

West Yorkshire police has performed impressively on crime reduction. The latest crime figures for West Yorkshire show considerable improvement. A comparison of the figures for 2004–05 with those for 2003–04 shows that robbery offences are down 41 per cent., burglaries are down 37 per cent., and the theft of motor vehicles is down 28 per cent. These are impressive developments in West Yorkshire, which I am sure that the hon. Gentleman applauds, as do I, because it comes from the determined and focused efforts of police in his area.

The hon. Gentleman raised the issue of funding and budgets; I have responded to debates in this place secured by Members from West Yorkshire. To be clear, the general Government grant for 2006–07 for West Yorkshire is £306.2 million. That is an increase of 3.2 per cent. over the comparable figure for 2005–06. However, a number of other elements need to be added to that. There was £800,000 in adjustments from budgets in earlier years. The police authority will also receive £4.32 million in a special formula grant, which is a consolidation of four former specific grants that will enable the authority to operate more flexibly. It will also benefit from about £41.6 million in funding for specific initiatives and capital provision. Therefore, the final police authority budget for 2006–07 is £380.2 million, which is a cash increase of £14.5 million compared with the year before.

I acknowledge, as I have in earlier debates, that if a strict application of the needs-based formula had been made, an extra £14.8 million would have been given to West Yorkshire police. We have to make a balanced judgment when it comes to ensuring that needs are met and that we have stability in the police service throughout the country. That is why we have floors and ceilings in relation to the way in which we set our budget. We want to retain that stability in the system, but we also want to move, as and when we can, to a situation in which the needs formula is more closely adopted.

The hon. Gentleman invited me to give an extra £700,000 to West Yorkshire police authority, but that is money that I do not have. As I said at the start, this is a matter for local decision making. However, even if we had been able to follow the needs assessment more clearly and give more money to West Yorkshire, questions of efficiency still arise. If there is inefficiency in the way in which the front-desk service is provided in police stations in the hon. Gentleman's constituency, and if it needs to be made more efficient, that should be dealt with by his police authority. I would expect local Members of Parliament to look for those efficiencies.

Philip Davies: Will the Minister give way?

Paul Goggins: There is no time really; we have only seconds left.

I conclude by saying that this is a local matter for local debate and dialogue. I am delighted that the hon. Gentleman is engaging with that and I am sure that he will look forward to his meeting on 5 May.

Question put and agreed to.

Adjourned accordingly at one minute to Two o'clock.

Westminster Hall

Wednesday 26 April 2006

[MR. ROGER GALE *in the Chair*]

Maritime Industry

Motion made, and Question proposed, That the sitting be now adjourned.—*[Claire Ward.]*

9.30 am

Ms Katy Clark (North Ayrshire and Arran) (Lab): I am grateful for the opportunity to raise the fundamental issues relating to the Government's support for the maritime industry, the rights and responsibilities of employers in the industry and the employment rights of those who work in it.

The Government have a proud record in many areas. We have a strong record on employment. Indeed, we have created 2.4 million new jobs since we came to power in 1997. We also have a proud record on equality issues, particularly on race relations, and one of our flagship policies was the creation of the national minimum wage legislation. However, much of my speech will focus on a forgotten group of workers who have not benefited from many of those positive Government initiatives—some of our seafarers.

When the Labour party came into office in 1997, we recognised the crisis facing the UK maritime industry and UK seafarers. We also knew of the shipping industry's importance to Britain's economy, our dependence as an island nation on sea transport, the sustainable environmental benefits of sea transport and, not least, the industry's importance to national security. Shortly after the Labour party came to power, my right hon. Friend the Deputy Prime Minister set out the Government's plan to boost the shipping industry. A shipping working group was set up and tasked with considering the key issues of enabling maximum economic benefit to be obtained from the shipping industry, reversing the decline of the UK merchant shipping fleet, increasing the employment and training of seafarers, and encouraging shipowners and the wider maritime industry to devote more resources to the maritime fleet.

The group made 33 recommendations—I shall not go through them all—and the major headings give a flavour of the debate at that time. They included funding training, facilitating training, improving the employment environment, regulating to improve British seafarers' prospects, safeguarding the employment rights of British seafarers, improving the fiscal environment, opening up new opportunities for UK shipping and the operation of the UK register for shipping.

David Taylor (North-West Leicestershire) (Lab/Co-op): My hon. Friend is right to list the many improvements that have been made in the pay and conditions of millions of British workers. The tonnage tax regime was indeed a brave attempt to improve employment and training in the maritime industry, but does she agree that the next and final step towards making it work would be to ensure that there were legal obligations and that employment and training were not just optional extras for UK-registered fleet owners?

Ms Clark: I am grateful to my hon. Friend for making that point, and I hope to make the same point during my speech.

Many of the shipping working group's recommendations were taken up, and many of the policies that the Government adopted have been successful for the shipping industry. The group made a wide range of recommendations and, as is usual, the Government accepted some, but not others. The group's work led the Government to lay out their strategy in December 1998 in a policy document called "British shipping: Charting a new course". The document outlined a range of policy initiatives to address the decline in the numbers of UK ships and seafarers. The centrepiece was the policy to which my hon. Friend the Member for North-West Leicestershire (David Taylor) referred—the introduction of a tonnage tax, which all parts of the industry agreed should be the way forward. The tonnage tax provides significant support to the shipping industry and is worth about £40 million a year.

I shall focus on three main aspects of Government policy towards the maritime industry: the tonnage tax and the industry's failure to deliver voluntarily on training and employment; the section 9 exemption in the Race Relations Act 1976, which makes it legal to employ foreign national seafarers on inferior wages and conditions; and the failure to apply the national minimum wage regulations to foreign seafarers in UK territorial waters.

The first issue is the tonnage tax and the industry's failure to deliver on training and employment—and of course we must put it in context. As I said, the Government are to be congratulated on responding to the fall in the number of UK seafarers by outlining the measures contained in their policy document "British shipping: Charting a new course". One of the key objectives that the Government set themselves was to increase the training and employment of UK seafarers, and they said that the tonnage tax was the most important of the measures to deliver on that objective.

The tonnage tax represents a significant concession to the shipping industry. Rather than paying the normal form of tax on their profits, companies that enter the tonnage tax regime pay a notional tax levy according to the size of the company fleet. However, applying the criteria that the Government set themselves for judging the success of the tonnage tax regime—the increased training and employment of UK seafarers—makes it clear that there has been little benefit in terms of the training and employment of ratings, although there has been limited success in relation to cadets. I believe that the policy's failure, particularly in relation to ratings, has resulted from the scheme's voluntary basis.

The UK is an island nation and is heavily dependent on ships for its trade, but the number of our seafarers has declined dramatically in the past few years. UK seafaring ratings numbers have fallen from 30,000 in 1980 to just over 9,000 today. Since its introduction in 2000, the tonnage tax has not stopped the decline in training or employment, particularly for UK seafaring ratings. In fact, employment opportunities continue to

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decline, and the levels of training for new entrant UK ratings positions is falling. Although it is difficult to get figures, my understanding is that only 50 British ratings trainees came into the industry in 2004–05, and it is predicted that there will be fewer this year.

Despite all the good intentions, the tonnage tax exemption cannot be a seen as a success for ratings. Although shipping companies must train cadets, there is no legal requirement to employ officers or ratings; indeed, there is no obligation even to train UK ratings—companies must simply consider UK ratings' training and employment options. Unfortunately, therefore, the majority of vessels that enter the UK register employ no UK seafaring ratings.

The tonnage tax concession to the industry was worth more than £61 million between its introduction in 2000 and the end of the financial year 2003–04. The latest figures from the Inland Revenue show that the cost to the taxpayer in each of the past two financial years was about £40 million. The concession has clearly been successful in bringing more ships on to the UK register, although there is no obligation to register in the UK to qualify for the concession. However, the concession has not delivered increased employment for UK seafarers. It is therefore important that the Government follow through on their commitment to increase the employment of UK seafarers. We now have even fewer UK ratings than in 2000, when the concession was first introduced. I note that the Chamber of Shipping gave a commitment to increase the training of seafarers, both officers and ratings, by 25 per cent. year on year prior to the introduction of the tonnage tax in 1999. That would have doubled the number of ratings in training, but the number has declined from about 2,000 in 1999, when the tonnage tax was introduced, to about 50 more recently. The concern is that those figures will continue to fall.

The Minister will be aware that late in 2004 the Department for Transport and the Inland Revenue published the results of their review of the tonnage tax. At the time the Government decided to delay the implementation of the link between the tonnage concession and the employment of UK seafarers. Instead, the previous Minister with responsibility for shipping referred the employment issues of the tonnage tax to a working party—the Department for Transport's shipping task force.

The Transport Committee also considered the matter. It welcomed the Government's decision to include the consideration of proposals for a training commitment for ratings in the expanded terms of reference of the shipping task force working party. The Committee also said that there was a pressing need for information about what companies in the tonnage tax regime were doing to honour their commitment to ratings. Without that, the Committee stated, it would be difficult to disagree with the National Union of Rail, Maritime and Transport Workers, the ratings' trade union, which contended that the present voluntary commitments amounted to nothing by way of an industry commitment.

Not surprisingly, the shipping task force working group was not able to reach an agreement about an employment link for UK seafarers, as the Chamber of Shipping refused to agree to any commitments on training or employment of UK ratings. Instead, the working party made a series of recommendations, including an increase of funding for training, a crew relief costs scheme and an extension to the seafarers' earnings deductions tax concessions.

As yet, no details have been made available by the Chamber of Shipping or the Department for Transport on how shipping companies are honouring their commitment to consider the training and employment of ratings. I am aware that the Department for Transport has produced a short summary that gives some indication of the number of companies employing UK seafarers, but it gives no specific company training or employment figures.

Before agreeing to the tonnage tax, an independent inquiry into the tax was commissioned by the Chancellor of the Exchequer. The report, by Lord Alexander of Weedon, recommended the adoption of the tonnage tax regime. He said of the regime:

"Its extra cost to the industry of about £4.5 million a year after five years is small when compared against the financial and other advantages of the tonnage tax."

Given that the commitment to ratings was less than the trade union was seeking, he asked the industry to consider exploring with the Department for Transport ways to ensure the prospect of further commitments and advancement on those matters.

The reality is that that work has never been done; given the obvious failings of the current position, which is voluntary, I sincerely hope that one outcome of today's debate will be that the issues are reconsidered and a formal link is adopted. I know that the Government are aware of the problem, and that the Minister promised a decision on training and employment being linked to the tonnage tax soon. I urge him to put compulsory measures in place to ensure that the original trade-off, about which the Government were very clear, and the original commitments, which were very much what the country and the shipping industry need, which were very clear—they are what the country and the shipping industry need—are made a reality.

The second issue that I wish to raise is discrimination against seafarers under the Race Relations Act 1976. The Minister will be aware that historically exemptions relating to seafarers have always been found in race relations legislation. Indeed, when in opposition, my right hon. Friend who is now the Deputy Prime Minister said that those exemptions were a national disgrace.

Although the Government have amended that legislation, it is still perfectly lawful to discriminate against seafarers on the ground of their nationality. The effect is that companies are able to bring in foreign national workers at lower rates of pay and with worse conditions, so undercutting the existing work force and leading to job losses and reductions in the number of new British recruits.

The Government took action by amending the 1976 Act. The sections amended related to the treatment of seafarers recruited abroad to work on UK ships, and the amendments made it lawful to discriminate on grounds of nationality rather than race, colour or ethnic origin, which had been the position until then. For the exemptions to apply, seafarers have to reside and be recruited abroad. The crux of the matter is that race

relations legislation specifically allows seafarers recruited abroad to be treated differently from UK seafarers even though they may be employed and living on board UK workplaces for lengthy periods.

Seafarers of many nationalities work in the United Kingdom and on UK-flagged ships. In some situations, UK seafarers work beside foreign nationals—on the same ships and in the same departments—but because of UK employment law, the British workers earn more and have better terms and conditions than their foreign counterparts. The Minister will be aware that representations have been made to the Government over a considerable time. Despite that, however, the discrimination continues and the employment of existing UK seafarers remains increasingly precarious.

In 2004, the European Commission stated that European Union seafarers should be paid according to the home rate of the flag of the ship that they sail on regardless of their place of residence. That means that Spanish, Polish or any other EU nationals should not be discriminated against compared to resident UK seafarers employed on UK-flagged ships. However, I understand that EU nationals are still being paid a lower rate.

Shortly after the European Commission made its position clear, the Department for Transport said that, on receipt of legal advice, it would conduct a review of sections 8 and 9 of the Race Relations Act 1976. However, no more proposals have been made. The Minister may be aware that RMT, the union that represents maritime workers, has submitted complaints to the European Commission arguing that section 9 of the 1976 Act is in breach of the European treaty provision on non-discrimination and the free movement of goods. Complaints have also been lodged with a range of other organisations, including the International Labour Organisation and the international committee on economic, social and cultural rights, and complaints have been launched with regard to the European social charter.

I understand that the trade union is also considering taking formal action in the High Court to stop discrimination against foreign national seafarers, whether or not they are from the European Union. I urge the Minister to consider the matter again and to bring forward legislation to outlaw discrimination against UK seafarers once and for all.

At the moment, shipowners continue to enjoy an exemption from the provisions of the 1976 Act. That allows them to pay exploitative rates of pay to foreign national seafarers recruited abroad. In many situations, the national minimum wage does not apply to UK seafarers on board UK ships while they are in UK waters, as the legislation applies only when ships are in port or in UK internal waters. That lack of regulation and social protection for seafarers has meant their continual replacement by low-cost foreign national seafarers.

Perhaps the most high-profile recent example of problems of this nature was the Irish Ferries dispute last year, which was not, of course, a British dispute. It led to high-profile industrial action and got media attention, but such issues often do not end up in the national press. On that occasion, Irish Ferries offered its work force the option of voluntary redundancies or a cut in pay and conditions of up to 50 per cent., and there was an industrial dispute, which, hon. Members may recall, was settled only after the work force had a sit-in on the ferries. In most situations that have affected British workers, things have been far quieter. When British workers are forced to compete with low-paid foreign nationals, they often realise that the writing is on the wall and accept job losses and redundancies because of the legal position in which they are put.

It is not acceptable for existing work forces to be continually replaced with cheap labour brought in from outside because British employment law does not ensure that there is a level playing field. I have a constituency interest in this matter because my constituency includes island communities, to which a number of ferries operate. Ferries are very much affected by the legislation. In recent years, there has been a creeping situation in which foreign workers are brought in on lower rates of pay and worse conditions. As a result, the existing British work force has been losing out, and new British workers are not being recruited. New foreign recruits tend to be employed on lower terms and conditions because they do not have that employment law protection.

In my constituency, the situation is particularly relevant because Caledonian MacBrayne, which operates many of the services to the island communities and thus provides a lifeline, and which is effectively a publicly-owned company, is being put into a tendering position. While that process is clearly very much a devolved matter within the remit of the Scottish Executive, I am very aware, as a Scottish Member of Parliament, that the Executive can operate only within the legal restrictions put in place by this place. Current employment law puts many of the workers who provide these services at risk. The tendering process may lead to Caledonian MacBrayne continuing to provide the service, and the process itself might not lead to the displacement of the existing work force and the employment of low-cost foreign national seafarers, but the law does not prevent the use of cheap labour to undercut the terms and conditions of the work force.

That significant development in Scotland is yet another reason why we need to reconsider this area of law and ensure that we introduce employment law to protect the rights of existing work forces on ferries and future recruits.

Mr. Alan Reid (Argyll and Bute) (LD): I congratulate the hon. Lady on securing the debate and on the way in which she is presenting her case. As I, too, have islands in my constituency, I share her concern about CalMac. The Government could help by accepting the recommendation of the shipping working group that employers' national insurance contributions for the shipping industry should be alleviated. The Government's rejection of that recommendation has forced CalMac to transfer all its employees to a company based outwith the UK. Does the hon. Lady agree that that could lead to a worsening of conditions, and that the Government should accept the recommendation?

Ms Clark: I shall not comment specifically on the issue of national insurance contributions. I am aware of that development, and I think it unfortunate that the legal framework within which Caledonian MacBrayne is forced to operate is leading to it having to use devices

[Ms Clark]

of that nature simply to try to secure its continued existence. That company has provided lifeline services to island communities for generations. Those of us who live in areas that are served by such ferries, or who have been there on holiday, are aware of the affection in which that company is held in Scotland and its island communities. If something is not broken, we should not try to fix it, so it is unfortunate that those services are at risk because of the nature of European Union regulations and employment legislation. Therefore, I agree with the sentiments of the hon. Gentleman.

The third issue that I shall raise today is the national minimum wage and how it applies to seafarers. In addition to the exemption under the Race Relations Act, shipowners have managed to gain a favourable interpretation of national minimum wage legislation—a flagship Labour policy that was implemented by this Labour Government. The Department of Trade and Industry has interpreted the legislation in such a way that foreign national seafarers' entitlement to the national minimum wage applies only on UK registered ships when they are in port or in internal UK waters, as opposed to UK territorial waters. If that interpretation is correct, there is an urgent need to amend the legislation so that coverage is properly extended to all who work within UK territorial waters.

There are also concerns about the inadequate provisions for enforcing the legislation on board British ships. The Maritime and Coastguard Agency is the only body that can logically carry out that commitment. Unfortunately, it is not required to do so, and the task is carried out by the DTI, which does not necessarily have the requisite specialist knowledge to deal with the complexities of the industry.

The UK has jurisdiction over UK territorial waters which extend for 12 miles. I am aware that the Minister has said that the legislation is not as he would like it to be. I would be grateful if he would use this opportunity to issue a guidance note or introduce a statutory order to ensure that the UK minimum wage applies to UK ships in UK territorial waters, because under the current legislative framework British workers are being put in a vulnerable position.

These loopholes in the law need to be filled. The Government are very much one who promote equality for all; action has to be taken to ensure that all workers employed in the UK have the full protection of the Race Relations Act and national minimum wage legislation. The minimum wage legislation is one of the most important policies introduced by Labour since it came to power, as millions of people have benefited from it. In opposition, we heard time and again what damage it would cause the British industry, but many of those comments were scaremongering. Similarly, many of the arguments now being advanced as to why we cannot apply the national minimum wage to seafarers and foreign national seafarers do not hold water and will not stand the test of time.

Our manifesto last year made it clear that tax credits and minimum wage legislation were a way of ensuring that work paid for everybody. We also made it clear that we would implement Low Pay Commission recommendations for everybody. We have a proud record on such issues.

I think that this is a time to recognise that we have done a huge amount of good work for the maritime industry. Many of the Government's policies on shipping have been a great success. However, we have perhaps not been successful in ensuring that British people continue to work the ships that operate out of our country. Today, I would ask the Minister to assure us that he will continue to review the Race Relations Act and will work with all parties involved in the process to ensure that the appalling discrimination against foreign national seafarers is stopped once and for all.

We rightly sing the praises of the national minimum wage, which will be a lasting tribute to the Government. However, I do not believe that minimum wage legislation was ever intended to exclude some of the most vulnerable in our society: migrant seafarers. Will the Minister reconsider that issue?

Finally, Labour has a good record of using tax incentives to work with business and boost employment. I have already spoken about the huge strides that Labour has made in that area since we came to power. In my constituency, we have seen an increase of more than 25 per cent. in levels of employment. That story is repeated throughout the country. However, when the policy was put in place, the trade-off was that concessions would be provided to the shipping industry in exchange for the employment and training. We are often told by business that it is not possible to get something for nothing, yet the tonnage tax regime seems to be a situation where, when it comes to jobs, there has been no return for UK seafaring ratings. I ask the Minister to reconsider those issues.

Mr. Roger Gale (in the Chair): It is apparent that a number of hon. Members wish to participate in the debate. I have the names of four before me already. I intend to call the Front Benchers at 10.30 and would therefore urge brevity on hon. Members if all are to be allowed to speak.

10.2 am

Mr. Mark Hoban (Fareham) (Con): First, I congratulate the hon. Member for North Ayrshire and Arran (Ms Clark) on the thorough way in which she introduced the debate. When preparing for the debate, I wondered who the Minister would be, and which Department would be represented. The last time that I participated in a debate on the maritime industry, the Minister was from the Department of Trade and Industry. Having heard the hon. Lady's speech, I understand why the Minister is from the Department for Transport.

I declare a non-pecuniary interest as an honorary vice-president of the Society of Maritime Industries. My constituency, Fareham, has a strong interest in the maritime sector, particularly the leisure sector. The River Hamble forms the boundary of my constituency and is well known for being an area for the leisure industry. For example, Moody's Boatyard, which was once a yacht builder, is now principally into yacht sales. We have a marina builder, Walcon Marine. The Westminster Dredging Company not only keeps our sea lanes free, but uses the results of its dredging to supply the aggregates industry. Warsash maritime college trains many of the people who we see on our merchant

ships—not only UK-flagged ships, but ships flagged across the world. There is a strong international element to the student base. In south-east Hampshire, the maritime sector is dominated by VT Group. I will return to VT Group, formerly Vosper Thornycroft, later.

I want to reflect for a moment on the comment that I made at the beginning of my speech about who might speak for the Government on this occasion. A number of Departments have a strong interest in the maritime industry. It is sometimes difficult for those working in that successful sector to identify the lead voice.

The DTI has a marine unit, which has been effective in trying to improve dialogue, particularly on issues such as the defence industrial strategy. Of course, the DTI is going through a process of increased regionalisation, which might lead to a dilution of its support for the maritime industry.

The Ministry of Defence is the principal customer for UK shipbuilding. Its defence industrial strategy has a strong strand of the marine industrial strategy running alongside it. The DFT takes the lead in many issues that affect the maritime industry, but when we consider the research and development framework that has been discussed by the EU, should the DFT or the DTI speak on such issues?

It is important that the Government consider how they support the maritime industry and whether that should be through a single Minister or improved co-ordination. Either approach has advantages. The maritime industry is looking for a stronger, clearer lead on these issues.

David Taylor: I am not sure whether the hon. Gentleman was at the end of his list, but I would like him to incorporate the Department for Environment, Food and Rural Affairs, which has a distinct and significant interest in the recycling and breaking of ships at the end of their lives. The improved environmental legislation that gets rid of single-hull ships will inevitably lead to more breaking. It must not happen on south Asian beaches where environmental standards are low.

Mr. Hoban: The hon. Gentleman is absolutely right. In the alphabet soup of ministerial responsibilities, DEFRA plays an important role. It has launched consultation on the draft Marine Bill, which is perhaps not as broad as its title would suggest. A range of people are interested.

The breaking-up of ships has environmental consequences. There was a debate in the previous Parliament when one such ship was going to be broken up in Hartlepool, when Peter Mandelson was the Member of Parliament. There was some debate about whether that should happen here or overseas.

I want to go back to the maritime industrial strategy, the importance of shipbuilding and the MOD as the industry's principal customer. VT Group is based in Portsmouth, with a modern dockyard facility that has recently opened in a transfer of facilities from Woolston. Alongside that is the maintenance system co-owned by VT Group and BAE Systems.

As a constituency MP considering issues about the future of VT Group and the repair and maintenance facility in the dockyard, I have always been conscious of the uneven nature of the work load, which can lead to feast or famine. For example, there might be an order for a number of warships and VT Group will have to gear up for that, as it will have to for the carrier vessel future, or CVF. There will also be times when VT Group will have to lay off employees because of a dip in the work load from the MOD. At the moment, VT Group is fortunate as not only does it have work on the Type 45 destroyer, but it has secured a successful export contract for ships. That should maintain the work load until the CVF comes on stream, when the group will need to recruit more staff to cope with that bulge in the work load.

The question arises of what will happen after CVF. What plans do the MOD have to ensure that work goes into UK dockyards, and how does that match our defence needs? If we are to have a viable warship building industry in the UK, we need some certainty about future work loads to ensure that the principal warship builders have some knowledge of what capacity will be required. That requires a closer working relationship between the industry and the MOD, which raises the question of value for money for taxpayers. How will we ensure that we have some competition for warship and shipbuilding while ensuring that the industry has some certainty? The MOD is going down the route of through-life maintenance contracts, so it is interested when procuring warships not only in the initial build costs but in how much it will cost to maintain those warships. That requires some transfer risk to the shipbuilding businesses.

When considering such partnering arrangements, which VT Group is committed to, we should manage to balance the respective interests of the taxpayer and the warship building industry to produce a satisfactory outcome that ensures stability of employment and maintenance of capacity along with a good deal for the taxpayer. Those are some of the important issues that affect my constituency. I appreciate that this is outside the scope of the Minister's responsibilities, but I hope that his opposite numbers in the MOD will read these remarks and think about how best to accommodate the conflicting pressures on the warship industry in the UK.

10.10 am

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I congratulate my hon. Friend the Member for North Ayrshire and Arran (Ms Clark) on obtaining the debate. She made a very good case. She spoke of the proud record of the Government, but she also made a powerful case for the need further to improve the prospects of seafarers. I come from Plymouth, another proud naval constituency, and I well remember marching up and down Fore street in Saltash with the district National Union of Rail, Maritime and Transport Workers officer, Baz Gregory, when I stood—I was unsuccessful at the time—as a candidate in South-East Cornwall in the 1990s. At that time, people were fearful as to whether there was a future for UK seafarers at all. It is a mark of where we have got to today that we are standing up and fighting for the right conditions for those seafarers.

In addition to declaring my interest in that I come from a seafaring constituency, I declare a non-pecuniary interest as a vice-president of the Society of Maritime Industries. The United Kingdom, and in particular London, is a world centre for maritime activities, and to

[Linda Gilroy]

maintain that position we need to find ways to value seafarers. That is important in its own right but also because we need to recognise the strong links between offshore work and the experience that people gain as seafarers, and the significant gaps in the important onshore work and the need to recruit people there. If we do not start valuing people when they are young and go to sea and gain that experience, it becomes much more difficult to look forward.

Following on from the hon. Member for Fareham (Mr. Hoban), I declare not exactly an interest but an experience with the Defence Committee. I reiterate what he said about the need to try to get these things right for the future of British shipbuilding. A huge programme of shipbuilding, the biggest for two generations, was laid out as part of the defence industrial strategy last December. That will be followed through with the marine industrial strategy. I do not know whether my hon. Friend the Minister can comment on what part he and his Department might play in seeing that through. Important skills issues relating not only to the onshore infrastructure, which supports the maritime industry, but to the shipbuilding industry need to be addressed. As I understand it, the marine industrial strategy is setting out to address how best we can sustain critical industrial skills and technologies that we need for the future, while delivering improved performance quality and competitiveness.

I said that I came from a well known naval constituency. The region has a terrifically long coastline—one third of the coastline of England. It is no surprise that the marine and maritime sectors have been identified as priorities in respect of economic development by our regional development agency. We have growth in that sector, mainly deriving from leisure, marine and defence-related activities and important centres at Falmouth, Plymouth and Poole. I want to consider the need to get the wider maritime industry on board in valuing not only seafarers, but the work that many seafarers go on to do after their seafaring career, which my hon. Friend the Member for North Ayrshire and Arran mentioned.

I draw to the Minister's attention the work of Marine South West, which has emerged from the work of the regional development agency, and the network of skills centres that it is developing as a potential model and way forward. The skills centres are based on the three communities that I mentioned. They are also supported by IT networks. A great deal of work has been done with the marine and maritime industry to identify the top 10 skills list for onshore jobs. The skills include those relating to business management, IT, electronic engineering, mechanical engineering, welding and fabrication, painting and finishing, composites, carpentry and so on.

That work is aimed at ensuring that there is a bridge to enable people in the general marine and maritime industries to find careers and a way forward. That is important to the case that my hon. Friend the Member for North Ayrshire and Arran laid out, because if those skills gaps exist, it is exceedingly important that we find ways to assist seafarers. Often when they are younger, their skills are developed and they are valued and rewarded for the work that they do.

I am sure that the Minister appreciates that the marine and maritime industries are high technology-based and that their continued success is based on the application of enterprise and innovation. In January, I was able to secure the Upper Waiting Room for an exhibition on just how high-tech those industries have become. I found the figures quite staggering: for Plymouth alone, we are talking about £1 billion for the marine, maritime and broader marine science sector.

We need to develop programmes across the piece to inspire young people to pursue careers in that rewarding and vital sector. We need to develop employer-led training and skills centres such as those exemplified by Marine South West. I look forward to the Minister's response to the important points that my hon. Friend the Member for North Ayrshire and Arran raised. I hope that the Minister will also acknowledge the points that I have made about the way in which the south-west is leading the way on some of these matters.

10.17 am

John McDonnell (Hayes and Harlington) (Lab): The normal crew assembles for debates on this subject over the years. However, I must apologise because one of our crew is missing: my hon. Friend the Member for Dover (Gwyn Prosser) is on parliamentary business abroad. I declare an interest as the chair of the RMT parliamentary group and I refer to my entry in the Register of Members' Interests.

I congratulate my hon. Friend the Member for North Ayrshire and Arran (Ms Clark) on securing the debate and on her superb and definitive description of the industry as it stands and the issues facing us. I shall be brief because other hon. Members want to speak. I shall focus on the Race Relations Act 1976 and the minimum wage.

There is an element of déjà-vu because we were in Westminster Hall three years ago having the same debate and things do not seem to have moved on. In 2003, the Home Office made it clear that it did not believe that the shipping industry should be excluded from race relations legislation. It then started the consultation about how to bring the shipping industry within that legislation. We went through that debate and the Government decided that they would introduce amendments to the legislation.

I was cheered and enthused that at long last the Government were addressing this sector of British life, which had been excluded from the basic laws of civilised society as we know it. Then, the Government created the bizarre situation in which discrimination on the basis of ethnicity was outlawed, but discrimination could continue on the ground of nationality. Employers could pay one worker less than another simply because of the country from which they came. That is outrageous in any civilised society.

We went on with the debate, however, and I think that it was in this room that the statutory instrument was considered. I attended the Committee considering it. I was not a member of the Committee, but I exercised my right to speak. One thing that convinced hon. Members to support the amendment allowing discrimination on the ground of nationality to continue was the Minister's statement, both in that Committee and in the Adjournment debate, that hon. Members need have no

fear because the minimum wage would apply to anyone serving on a British ship in UK waters. I did not go away happy, but I thought that at least we had secured some commitment from the Government. Within months, we discovered that "territorial waters" was not the definition, but "internal waters". I sail on the Norfolk broads; I have an old, battered wooden boat and I am not a very good sailor. When I sail, people get off the water if they see me coming. If I employed someone on that boat in Norfolk waters, they would get the minimum wage. If I sailed outside Great Yarmouth harbour, I doubt that they would because we would have gone outside internal waters. No one knew what internal waters meant. I had never heard the definition before, and we had to scurry for lawyers to get that definition and to find out where the idea had come from.

People are still being discriminated against in the industry because they are not achieving the minimum wage, and it is happening on ferry service after ferry service: Larne to Troon and Cairnryan, Mostyn to Dublin, Rosslare to Cherbourg, Fleetwood to Dublin and Belfast and Liverpool to Dublin. British seafarers are being replaced by Spanish, Filipinos and others who are paid less and work in poorer conditions. That is exploitation by any standard. No one is arguing for those people to lose their jobs, but if they have jobs they should be paid the same rate as anyone else. Why should one person be paid less than and work in different conditions from others when they are doing the same job within our own territorial waters? That is a scandal.

The situation is the same on the Hull to Zeebrugge route run by P&O North Sea Ferries, which uses British, Portuguese and Filipino workers, with the Filipinos being exploited the most. Companies are allowed to pay disgraceful wages. Ramsay Shipping, which trades between the UK and Ireland and the UK and Scandinavia, is paying Filipino seafarers £456 a month. Union Transport—there is an ironic name if ever there was one—is paying east European seafarers £856 a month. It trades between the Isle of Man and Britain, and the Isle of Man and Ireland.

We have raised this matter time and time again. The National Union of Rail, Maritime and Transport Workers issued a press release 18 months ago regarding a company called Lapthorn, which is paying people below the minimum wage. Our information at the moment is that that continues to be the practice. Workers are being exploited within sight of the British coast as a result of our failure to plug the gap in race relations legislation. I believe that this is a disgrace, for a Labour Government in particular, and for a civilised society.

As my hon. Friend the Member for North Ayrshire and Arran said, the European Union has introduced directives that ensure that the Government must comply so that EU workers, at least, receive the same treatment as UK seafarers. My hon. Friend the Minister gave us a commitment in February 2005 that amendments to the legislation would be brought forward, but by the end of 2005 we had not seen any. I urge my hon. Friend the Minister to ensure that we get Government action speedily. Three years on from the previous Adjournment debate on the issue and two years on from the statutory instrument Committee we are still in a situation where workers are being exploited, and where employers are exploiting a loophole in the law. It is a moral responsibility on this Government to act, and act now.

10.23 am

Mrs. Linda Riordan (Halifax) (Lab): I, too, add my congratulations to my hon. Friend the Member for North Ayrshire and Arran (Ms Clark) on securing this important debate. I welcome the opportunity to talk about recent disputes with Irish Ferries at the end of 2005, which my hon. Friend mentioned.

The dispute is now over, but it raises important questions regarding UK shipping and the future of UK and Irish ferries. The Irish Ferries dispute was one of the most serious industrial disputes in Ireland's history and it was sparked by the proposed replacement of 543 Irish seafarers by eastern European seafarers on rates of pay well below those of the minimum wage.

Irish Ferries runs ships between Britain and Ireland and the company sought to dismiss its existing Irish sailors and replace them with workers from Latvia and Estonia on lower rates of pay and longer hours. Irish Ferries adopted crude tactics by smuggling private security guards on board the ships to make sure that the handover to the new cheaper crew went smoothly. That further inflamed the dispute with a stand-off developing on the Isle of Irishmore ship in Pembroke and the Ulysses in Holyhead.

On both those ships seafarers occupied the vessels in protest and refused to leave the berth with a new crew unfamiliar with the operation of the ship. The port authorities also refused to grant the International Transport Workers Federation inspectors access to the ships' crews to check on their welfare, which was in breach of International Labour Organisation convention 147. In December last year, the Irish Congress of Trade Unions co-ordinated a day of action with workers across Ireland stopping work in support of the existing Irish Ferries seafarers. The dispute resulted in the cancellation of Ireland's social partnership negotiations, although regrettably the European shipowners organisation could not bring itself to condemn the actions of Irish Ferries despite concerns being raised in the European Parliament.

In the 21st century the people of Ireland could not comprehend how it was possible for shipowners forcibly to dismiss Irish seafarers and replace them with seafarers from eastern Europe on rates of pay equivalent to half the Irish minimum wage, when at the time the minimum wage was only £5.20 per hour. Unfortunately, in the shipping industry it seems that a different set of rules apply. The Irish Government condemned the actions of Irish Ferries, but stated that the transfer of the flag from Ireland to Cyprus meant that they were powerless to act. The Cyprus flag is one of the countries that have been deemed by the International Transport Workers Federation to be a flag of convenience. Flags of convenience are often utilised by shipping companies as safety and working conditions are not enforced effectively.

In the end, the settlement brokered through the Irish courts resulted in the replacement of significant numbers of Irish seafarers with cheaper labour from Eastern Europe. Thanks to the heroic actions of a group of seafarers the rates of pay were not below the minimum wage but the company has none the less succeeded in lowering standards in the Irish sea sector.

[Mrs. Linda Riordan]

Standards around the UK coast have declined in the past few years, but there are still shipping companies that employ UK seafarers, both as ratings and officers. For example one of Irish Ferries' principal competitors, the Swedish company Stena Line, operates ferry services around the UK, including in the Irish sea, and employs seafaring officers and crew on UK rates of pay. In addition, UK seafarers are employed by P&O Irish Sea Ferries although the company also employs other nationalities. Norse Irish also employs UK and other foreign national sailors.

Irish Ferries threatened to start a race to the very bottom and its actions endangered the future of British and Irish seafarers in the ferry sector. The ferry sector is now one of the few remaining areas of employment for UK seafaring ratings. During the dispute, the RMT wrote to the Minister responsible for shipping, asking him to convene early discussions with Irish Government counterparts to implement measures to tackle awful practices in the shipping industry.

Acceptable social standards have to be enforced on all ships trading between UK and Irish ports, irrespective of the flag of the vessel. The UK Government have previously gone on record as supporting the EU directive. This directive sought to ensure that the pay and conditions of seafarers on regular passenger and ferry services trading between the UK and other parts of the European Union were in line with seafarers of the member state with the closest connection to the ferry or passenger service. It was not possible to get the support of all member states to pass this legislation, but given the increasing frequency of the displacement of UK and Irish seafarers, similar legislation will undoubtedly be debated again. I hope, therefore, that my hon. Friend the Minister can advise me that the Government still support the principles and measures as outlined in this directive.

We must take action to safeguard the standards of the UK flag and we must also work with other EU member states to ensure that acceptable social standards are enforced on all ships trading around the UK. I hope that the Minister will agree to engage constructively with members of the RMT parliamentary group, so that we can work towards an acceptable solution.

10.30 am

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I add my congratulations to the hon. Member for North Ayrshire and Arran (Ms Clark) on securing the debate, because it is an important subject. I welcome her to the select band of people who take an interest in shipping matters from a constituency point of view. I have taken an interest in them from an early stage of my parliamentary career, and I welcome her to the club.

The hon. Lady presented her arguments in a measured but forceful manner. The only part of her analysis with which I could take issue was her fondness for Caledonian MacBrayne. At some other time and place, we can discuss the impact of Caledonian MacBrayne, and David MacBrayne before it, on the development of highlands and islands communities. I fear that if we were to do so today, Mr. Gale, you would rightly rule us out of order.

It is tempting to speak of the shipping industry, but in truth there are a number of different industries. One remarkable feature of the shipping industry is its global nature. The simple commercial reality is that if we do not operate a commercial regime that allows or encourages people to flag, operate and trade here, plenty of other countries will. It means that when the Government construct something such as the tonnage tax, which I have supported not uncritically, they must perform a delicate balancing act. I do not think that they have got the balance right, but I recognise the need for it.

It is a different situation from that outlined by the hon. Lady, regarding the operation of section 9 of the Race Relations Act 1976, and in particular the exemption of inshore waters from the application of the minimum wage. I can see no excuse for that. It is bizarre and perverse that somebody who drives a bus or a train on dry land is treated differently from somebody who works on a ferry or any other inshore shipping vessel. I cannot understand the logic of that.

The hon. Member for Hayes and Harlington (John McDonnell) was right about the distinction between discrimination on the basis of nationality as opposed to ethnicity. That distinction would not be tolerated in any other sphere of industry or commerce, and I do not understand why it is tolerated in shipping. My experience is that many things are tolerated in shipping simply because they do not take place on land. In relation to shipping safety standards and practice, if many ships on the high seas were lorries on the road, traffic commissioners would take them off immediately, and next day the story would be on the front page of every tabloid.

I want to pay tribute to some of the organisations that work in shipping. In particular, the National Union of Marine, Aviation and Shipping Transport Officers and the Chamber of Shipping are very good at keeping Members of Parliament informed, and at providing thorough and frequent briefings. As one would expect, they often approach a subject from different angles, but I find the input from both organisations immensely helpful. I shall raise a few points that they have mentioned in their briefings. The first is on the tonnage tax.

The Chamber of Shipping rightly points out that in just over five years, the commercial shipping fleet that is owned and managed in the UK has more than doubled in carrying capacity. The UK flag fleet has more than quadrupled. The chamber makes the point, which I had not heard, that shipping earns £1.2 million an hour for the UK economy. We must understand that whatever romantic notions there may be, we are dealing with a big business.

The chamber also makes one interesting claim that I shall pursue with it and NUMAST in the fullness of time. Its research carried out jointly with NUMAST shows that the total number of junior officers recruited will increase by 19 per cent. over the next three years and continue to increase over the next decade. I hope that they are right, but I am not sure that even an increase of that sort would meet the targets that have been outlined. Further, nothing is said about the position of ratings.

The two organisations also say something more telling: there has been a 9 per cent. decrease in the number of UK deck and engine officers since 1997, and

the total number of UK officers is expected to continue to decline in the short term. They say that some of the reasons for that relate to demographics.

What is the appropriate way to administer the tonnage tax? It has been around for several years, and it has proved its worth by bringing shipping under the British flag. However, being under the British flag proves to be of limited value unless it brings with it the application of certain basic standards of labour and safety. The Government must do more. The case has been made, and it is clear that the industry will not apply those standards voluntarily. The Minister must say that the need for a link has been accepted. If he or his Treasury colleagues were prepared to do that, it would move the debate on to the nature of the link, which is where the substantial negotiations remain to take to place.

It is difficult to divorce shipping interests from those of ports. The Government are shortly to commence a consultation on their port strategy. Declaring a constituency interest, I issue to the Government a plea that when they consult they have particular regard to the changing nature of containerised shipping throughout the world. The market model shows that there is an increasing number of big container ships, which to my mind and to the minds of many in the shipping industry means that we are moving towards large container ports—hubs from which smaller ships take the containers on to smaller ports. That is inevitable, and we need at least one such hub in Britain.

I have a constituency interest in that, and so does the hon. Lady, because Hunterston in her constituency has the infrastructure to accommodate such a hub, and it is building up that area of the business. In my case, the natural deep-water port of Scapa Flow is available for development, and there is a great deal of support in Orkney for taking that forward.

Ms Katy Clark: Does the hon. Gentleman agree that there is a strong environmental case for placing ports not only in the south of England, but in other parts of the country? There is a particular need in the north of England and in Scotland for freight not to enter the country through Rotterdam or the south of England, and for it to do so in a way that minimises the road transport of freight.

Mr. Carmichael: The hon. Lady is right. The environmental arguments for putting more freight on to the sea are compelling. With the south of England's substantial amount of freight transport, it is probably the worst place for freight to enter. If UK plc does not get its act together soon, other places will cheerfully take that business, as they have done with other aspects of shipping. I suspect that it will be lost to ports such as Rotterdam, which will mean that the points of entry will be the south coast ports, which will bring no environmental benefit. The opportunities for commercial employment and environmental improvement that would result from placing hubs in constituencies such as mine and the hon. Lady's would be lost.

10.40 am

Mr. Julian Brazier (Canterbury) (Con): I, too, congratulate the hon. Member for North Ayrshire and Arran (Ms Clark) on securing the debate and on a well informed and impassioned speech.

The red ensign now flies over 3 per cent. of the world's merchant shipping, a far cry from the days when we had 40 per cent. of the ships prowling the globe, and when the merchant navy's sister service, the Royal Navy, could maintain a two-power standard. Nevertheless, the merchant fleet is as important as ever to our economy. It has again overtaken aviation to become our third largest export earner, with a turnover of more than £10 billion. More than 95 per cent. of our trade comes from the sea, 67 million people travelled to and from our shores by boat, and Britain has Europe's largest ports industry and the world's most significant maritime hub, with an annual turnover of £37 billion. We must also remember all the ancillary operations, from insurance to marine law, in which Britain is a world leader.

We have had a well informed debate. My hon. Friend the Member for Fareham (Mr. Hoban) discussed naval shipbuilding. I shall not follow him down that route and go beyond my brief, but, sadly, it appears that many of the problems that existed 20 years ago when I was a management consultant to several shipbuilders continue to exist.

We no longer face a serious military threat of being cut off by sea from major supplies of crude oil and materials, but in times of crisis there is still an important defence need, as my hon. Friend reminded us, to transport troops and arms to war zones. During the Falklands war, dozens of vessels were requisitioned for service in the south Atlantic. Merchant sailors faced death and injury on behalf of their nation and were rightly rewarded for their gallantry. Looking across a range of such issues, we can see why the decline in the merchant navy in the past 30 years is so serious for British trade.

Mr. Carmichael: Did the hon. Gentleman read the article in the *NUMAST Telegraph* last year or the year before which made the valid point that we would not be able to raise the Falklands taskforce again in an emergency?

Mr. Brazier: The hon. Gentleman anticipates my next point. Today, we would be incapable of fighting an operation such as the Falklands war, at least with the support of British merchant ships. In 1982, 985 ships of more than 500 gross tonnes were owned and registered in the UK. Today, the figure is 260. Worse still, the number of British merchant sailors has fallen by three quarters over that period.

The two Gulf wars have shown that, in such situations, the Government can hire merchant ships from other shipping registers and foreign owners. However, while we might be able to afford to hire ships, the availability of trained and loyal sailors might prove more difficult. Admiral Sir Nicholas Hunt stated at an all-party House of Commons Defence Committee sitting:

> "The crucial weakness is that even if we can get the ships, we have to have the seafarers . . . The kernel of the problem is . . . I am a bit doubtful if you could get the men who were properly qualified."

As the Defence Committee said many years ago, there are some things that money cannot buy, and that is certainly true in the case of pride, bravery and courage.

I have some sympathy with the points made by the hon. Member for Hayes and Harlington (John McDonnell) about seafarers, specifically in UK

[Mr. Brazier]

territorial waters. As it is a complicated matter and one on which my party is conducting a large policy process, I cannot give an Opposition view on it, apart from saying that I heard his points and have some sympathy with them.

I salute the Government's efforts, through the introduction of the tonnage tax, to rebuild our merchant marine sector after many generations of decline, and their efforts to ensure a stable and competitive environment for the industry. The hon. Member for North Ayrshire and Arran referred several times to "Charting a New Course". Some, but not all, of its recommendations have been adopted, and it would be interesting to hear from the Minister what the timetable is for delivery on the remaining recommendations.

UK-owned has shipping increased its tonnage by 137 per cent. since 2000, and the tonnage of the fleet flying the red ensign has increased by 325 per cent. during the same period. There are nearly 600 new officer cadets each year, one third more than before the tonnage tax was introduced. I am indebted to the General Council of British Shipping and NUMAST for that briefing. However, while that improvement is welcome, it does not go nearly far enough. Even with the increase in cadets being trained, and even with 90 per cent. of those cadets finding jobs in the UK fleet, as the joint study by the Chamber of Shipping and NUMAST showed, the sad fact is that the number of new officers each year is barely half the number needed merely to stand still, largely because the age profile of existing officers is so far to the right. At current trends, the number of UK officers will fall by almost half in the next 15 years.

As the hon. Lady said, the position with ratings is much worse. Unless the trend is reversed speedily, there is a severe danger of the sector going back into decline. International Financial Services, London has warned that the vast contributions made by British shipping and associated maritime services to the Exchequer could be in jeopardy.

I paid tribute to the Government's efforts on the tonnage tax, but their record on the ports sector has been most disappointing. Severe delays in decisions about port development are a threat not just to the shipping industry but, arguably, to the wider economy. The Dibden bay farrago—seven years of arguing, £45 million into the pockets of lawyers, and at the end of it only a firm "No"—seriously undermined confidence in the whole system. That confidence can be restored only by Government action to ensure that timely decisions are made about the development of ports, which brings me to an obvious question: when will the strategy that we have heard so much about be published? We need to take a wider look at how the transport strategy—road, rail and so on—will serve the infrastructure of existing and planned port developments. To take one example at random, Crossrail, which is going through the House with the support of all parties, and rightly so, as currently planned would mess up the freight links to Felixstowe.

On a more detailed point, may I tease the Minister once again about the Harbours Bill? The industry and my party want that small and sensible measure, and the Government have said that they want it. Will he have a word with his right hon. Friend the Leader of the House and get us a Second Reading debate of an hour or two, which is a reasonable requirement for any Bill? There have been plenty of slots when it could have been fitted in.

The maritime sector in this country has been unwell for decades and is in a fragile state. There is a modest recovery at present, but we must be careful not to make the industry reconsider its position in this country. The Chamber of Shipping stated:

> "The industry is perhaps the most global and most easily relocated of all industries. Any disturbance of the current successful climate in the UK will put the recovery at serious risk."

We must consider either a clearer employment link to the tonnage tax, or other employment-related measures. The unions and the Transport Committee have called for the former, and the General Council of British Shipping has some ideas on the latter. As so much of our maritime future lies in being able to resuscitate the skills sector of the industry, it is important that we consider every possibility and take whatever decision needs to be taken soon.

In summary, I hope that the Minister will give the timetable for delivery of the remaining recommendations in "Charting a New Course". I hope that we will hear something about publication of the shipping taskforce's report, to which the hon. Lady referred, on possible links between employment and the tonnage tax, and I should like to know when the ports policy will be published. Finally, can we have a commitment on that small measure that has been around for a long time, the Harbours Bill?

I am pleased to have had an opportunity to speak in the debate on this great industry.

10.49 am

The Minister of State, Department for Transport (Dr. Stephen Ladyman): I, too, congratulate my hon. Friend the Member for North Ayrshire and Arran (Ms Clark) on securing this debate and on joining the small, select band of MPs who take maritime issues seriously. I wish that that band was much larger, and that we had these debates more often. Since I have been in my post, I can recollect offhand only one occasion on which I was asked a question on maritime matters at first order questions. That really is not good enough; the House should take more interest in such an important industry.

Several hon. Members have described the importance of the industry, which has earnings of more than £10 billion a year, and export earnings of £7 billion a year. As the hon. Member for Canterbury (Mr. Brazier) said, it has overtaken aviation to become the third largest export earner for our country's economy. It is a very important industry, and it has strategic importance, too: 95 per cent. of goods that come into and out of the country are still carried by sea. It is a vital industry. Nor is it restricted to the sea; the industry extends into land—into the financial and insurance sectors, and into the ports. Ports can be a tool for regeneration for our communities and are themselves a key part of the economy.

A small part of the east Kent mafia is here today. Its members include the hon. Member for Canterbury and I, as well as you, Mr. Gale. We know that the biggest employer in Kent is not Pfizer, the pharmaceutical

company, as everybody usually says, but the port of Dover, if one takes on board both direct and indirect employment. In addition, there are ports at Sheppey; there are the Medway ports; and there are smaller ports at Ramsgate, Broadstairs, and Margate, which is in your constituency, Mr. Gale. There is also the leisure boating industry and the under-12m fishing fleet around Kent. In fact, in counties such as Kent, maritime issues are the most important part of the economy. Essentially, the questions that my hon. Friend the Member for North Ayrshire and Arran put to me were how we maintain that, and build on it to encourage further employment.

My hon. Friend has painted a slightly pessimistic picture of employment in the industry. It is not as I would like it to be, and there are not enough UK seafarers working yet, but the situation is improving. There were 896 UK officers employed on tonnage tax boats when the tonnage tax started in 2000–01, and there are now 2,888. The number of ratings has increased from 449 to 1,460. One could argue that that is because far more boats have come under the tonnage tax over that period. However, although between 1997 and 2001 the number of UK active seafarers fell from 30,000 to 25,000, that fall has been reversed; by 2004 there were 29,000 UK active seafarers, and 26,500 of those are at sea, so the situation is not quite as bleak as my hon. Friend describes it.

As was put fairly by the hon. Member for Orkney and Shetland (Mr. Carmichael), the dilemma that I face is that of striking a balance. My hon. Friend the Member for Halifax (Mrs. Riordan) described what is, in a sense, an Irish problem. She talked about the situation as regards Irish Ferries and about what happened when Irish Ferries flagged out. Under those circumstances, a new crew could be brought on board who would work for much less than Irish citizens would. The National Union of Rail, Maritime and Transport Workers wrote to me, asking me to intervene, and the Irish Shipping Minister had many conversations with me during that crisis; he was a frequent telephone caller to my office, asking for advice and support. That crisis highlighted what happens when regulations that shipowners do not like are put in place. Shipping is an international business and, at the stroke of a pen, people can move their ships under another flag and take on a new set of lesser restrictions, so there is a balancing act to perform.

I have heard and understand the arguments advanced by the National Union of Rail, Maritime and Transport Officers and the National Union of Marine, Aviation and Shipping Transport Officers. We have not yet made our decisions on the output of the shipping taskforce; those announcements will have to wait until after purdah, but it will not be long before we announce what we will go for. I ask colleagues on both sides of the Chamber for a little sympathy for the fact that I have a narrow line to walk between wanting to do something that will stimulate employment and bring UK seafarers on to boats, and wanting to bring ships under the red ensign. Let us not forget that people do not have to be under the red ensign to benefit from tonnage tax; likewise, people under the red ensign do not have to be within the tonnage tax regime. I want ships to be under the red ensign, and I want UK seafarers on them. I have to try to find a way to maximise that potential, but without driving shipowners to take their ships away from the red ensign and the tonnage tax, and to put them instead under other flags, and flags of convenience.

I remind the House that there are many flags of convenience, and that there are also numerous variants on the tonnage tax now. We may have invented it, but other countries came along afterwards and thought, "That was a jolly good wheeze that the Brits came up with; we'll do the same thing." Shipowners have choices, and we have to find a way of navigating through those choices.

At the end of the day, one thing that will help us to bring UK seafarers back to the sea is the training regime that we offer. That point was made by my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy). Our seafarers will never be as cheap as other countries' seafarers, so they have to be better—better trained, better qualified, and providing better value for money. We have to find a way of doing that. Could the training regime that we put in place and the money that we provide for training be tools that we use to encourage shipowners to stay under the red ensign, to stay with tonnage tax, and to use UK seafarers, to offset any extra costs of employing UK seafarers that they might incur? Hon. Members will have to wait until our announcements to find out, but that certainly is one thing that we will have to consider.

My hon. Friend the Member for Hayes and Harlington (John McDonnell), who made a powerful case about the Race Relations Act 1976, will also have to wait. I do not recollect making a commitment to sort the matter out by the end of 2005; I made a commitment to him to bring the Act within EU law.

John McDonnell: The commitment was about the implementation of the EU directive within that time.

Dr. Ladyman: I remain committed to bringing the 1976 Act within EU law; it is the date by which my hon. Friend thinks that I promised to do it that I am slightly in doubt about. That is an issue that we need to continue to work on.

I shall deal with one or two other points raised. We cannot start the ports policy review until the last of the outstanding planning decisions that we have a mind to approve—that on London Gateway—is taken. That is because until we know whether we are granting that planning permission or not, we do not know what our existing port capacity is. How can we come up with a strategy for the country unless we know what our existing port capacity is, and is projected to be? Also, legal constraints would come into play if we started the ports policy review while there was a high-profile, outstanding planning issue to be decided. I hope that that matter will be dealt with very shortly; then we can move on and start the ports policy review, which, as the hon. Member for Orkney and Shetland said, is vital, and which it is important that we get on with. Unfortunately, the Scottish Parliament has made a universal declaration of independence on the ports policy review and will conduct its own parallel review of its ports strategy, so to what extent the strategy for England and Wales—

Mr. Roger Gale (in the Chair): Order. We now move to the next debate.

Accommodation Addresses

11 am

Mr. Paul Truswell (Pudsey) (Lab): It will come as no surprise to any of us that trading standards authorities and other agencies receive many complaints from the victims of mail scams. The conmen involved, who often use accommodation addresses provided by so-called mailing houses, are extremely difficult to trace as they use those addresses for a short period only—*[Interruption.]*

Mr. Roger Gale (in the Chair): Order. Will those leaving the Chamber do so quietly, please?

Mr. Truswell: I suspect that, like me and most other citizens of this country, the Minister receives his fair share of dubious mail shots, which are a national problem. Rogue businesses buy or rent addresses that sound legitimate or prestigious and use them as part of a scam. They have the mail redirected to them or collect it personally. People who send money to those addresses probably do not realise that they are merely a front—in many cases, a shoe box-sized locker or a pigeon hole in a very small office.

Calculating the numbers of accommodation address providers or the companies using them is difficult, as they rapidly come and go. They exist to some degree in most local authority areas, but there is no way of keeping track of them. Although a minority of accommodation address providers make reasonable inquiries of their customers, far too many are happy to accept cash payments and take mobile phone numbers as the only contact detail.

I appreciate that tackling the abuse of accommodation addresses is not a panacea for dealing with mail scams, many of which originate abroad. However, experience shows that many of the victims are initially identified by fraudsters operating through scams in the UK. Once that happens, they tend to be targeted by all and sundry. A perfect and tragic example in my constituency was that of an older person who had lost a total of £25,000 on mailing scams. He suffers from dementia. Carers alerted west Yorkshire trading standards officers, who found eight plastic carrier bags full of further mail requesting money for dubious lotteries and competitions and various other scams. According to figures I was given recently, the West Yorkshire Trading Standards Service has received more than 200 complaints in the past year, but it is believed that that is the tip of the iceberg.

I should make it clear that the majority of mailing houses that provide accommodation addresses operate within the law. Sadly, however, some less reputable businesses use those facilities to set up dubious home-working scams, operate prize draws and lotteries, offer mail order goods that never arrive and generally rip off the public. We know from many media stories how wide the problem is.

Unfortunately, the people who provide the accommodation addresses all too often operate on a "no questions asked" basis and keep insufficient or no records on those who use the addresses. Thus, those users are virtually anonymous. All too often, the investigating police and trading standards officers, such as those in my area of west Yorkshire, visit the accommodation addresses only to find that there are no proper details on the individuals who use them.

There is a voluntary code of conduct, but many accommodation address providers do not adhere to it; I shall come to that issue shortly. West Yorkshire trading standards officers have told me how frustrating it is to go to such providers and ask them to stop providing facilities for obvious and palpable scams, only for the operators to shrug their shoulders and say, "Well, we are not breaking any laws."

Enforcement action needs to go hand in hand with the public awareness and education that will help people not to be victims in the first place. Many of us operate under the simple rule that if something looks too good to be true, it probably is.

I could cite many examples to demonstrate the sort of scams that use accommodation addresses; I am sure that, given his position, my hon. Friend the Minister is aware of even more. One example that particularly struck me was the company Select Publications, not because of the size of individual losses but because of the scale of its operation. The company was registered with Companies House, using a mailing address in Westminster as its registered office. When it was finally brought to the courts, the two people running it were found guilty of deception and sentenced to three and a half years' and two years' imprisonment respectively.

As a result of the company's efforts to cover its tracks, the investigation required a huge amount of work by police and trading standards officers. They were not helped by the fact that the accommodation address providers had kept no records that allowed them to trace the individuals; that is one reason why I have cited this example. It took two years to get the defendants to court, and it is thought that they ripped off about 16,000 consumers.

The company used multiple addresses around the UK, including one on the Edgware road, to disguise its location. It advertised in local newspapers, on jobs websites and in *Exchange and Mart*, offering home-working opportunities stuffing envelopes. It also offered a home-working advice line, an undeclared premium-rate phone line, that cost people about £20 for a 10-minute call. To obtain the jobs stuffing envelopes, the victims, as I shall call them, had to pay a £35 administration fee and often received nothing in return.

Those who got envelopes never received any pay—surprise, surprise—and were subsequently bombarded with mail shots from further businesses, all owned by the principals of the original company, Select, who used different addresses to disguise that fact and start the process all over again.

Another company registered with Companies House used an accommodation address in Islington as its registered office. In the run-up to Christmas, the company placed adverts for cut-price goods, including TVs, Playstations and Gameboys, in three national newspapers, to exploit the festive season and the wish of parents to gratify the demands of their young ones. The company took upwards of £150,000 in debit and credit card receipts before the directors fled their homes, no doubt having ruined the Christmases of many people.

The directors had also registered another company at a separate address after setting up a website that offered the

same goods, but failed to deliver any. The investigation uncovered hundreds of consumers who had paid by debit card; on average, they had lost £200 each. Again, when trading standards officers approached the accommodation address providers, they were given no information about the individuals concerned. That made the investigation difficult.

I could go on and on. Another company carried out removals on behalf of customers and sold the householders' furniture and other valuable items. Again, it used a mailing address as a front so that customers were unable to trace it. An accommodation address was also used as a front for a bogus bank that inveigled two American banks into clearing two cheques for several hundred thousand dollars each. The examples go on and on.

Prestigious accommodation addresses are often used to enhance the image of a company that operates by mail. For example, companies purporting to sell medically related goods may use a Harley street address that turns out to be nothing more than an accommodation address used by hundreds of different businesses. One such company supplied pills for prostate problems, having made a string of unsubstantiated claims about their ability to cure all sorts of ailments. Another trader used a Regent street address to sell fake Viagra pills, which were ineffective and potentially dangerous. Again, that trader was very difficult to trace.

An investment scam using a Bond street address—I am citing scams that have used prestigious addresses—conned investors out of £6 million. The company, which was actually based in Spain, claimed that it would buy art works on behalf of investors and promised high returns each year. The idea was that the money would be used to purchase art works that would be rented to businesses for display—of course, there were no business customers and no art works. The Department of Trade and Industry, the Minister's Department, eventually petitioned for it to be wound up.

Another company charged people up to £4,000 to relocate abroad and find work there. That company is one of a series fronted by the same person, who tends to operate from smart London addresses such as Pall Mall—again, they are just accommodation addresses.

The scale of the problem was demonstrated by a project carried out by trading standards officers in Islington, Hackney, Westminster, Kensington and Chelsea, Camden and Tower Hamlets. Across the six boroughs, 27 operators out of many hundreds were approached, and 24 agreed to answer questions. Even with a relatively small sample, the number of businesses registered with those operators was nearly 6,500. Less than half of those responding asked their customers for any proof of identity, or kept details of the mail that they sent on, and only five obtained signatures for that mail.

The main concern that the survey highlighted was that large numbers of businesses were registered at the addresses and few operators checked the identity of their customers. Clearly, the lack of information being kept by the operators makes tracing the perpetrators of criminal businesses very difficult; in most cases, it was impossible. That is the crux of the problem. Often by the time that investigations have rolled into action, the fraudulent trader has simply disappeared into the ether.

Given the scale and range of scams that use accommodation addresses, and the number of mailing houses providing the service, what is the current legal position? I am sure that the Minister will want to cover that in his reply. It seems that there is little to protect the consumer. Statutory control of accommodation addresses used to be included in the Official Secrets Act 1920, section 5 of which required each operator of such an address to register with the police and to keep a book with the name and address of every person who requested mail to be forwarded on, the type of mail forwarded, the postmark and, if an item was delivered personally, a signature. It must be said that in practice few police forces actively enforced that legislation, and it was outdated and ineffective. Nevertheless, it was on the statute book until the Postal Services Act 2000 removed that control.

While trading standards officers have powers to require information from an operator, including the production of records where there is prima facie evidence of an offence, that does not address the issues that I have tried to describe. The information obtained cannot, under the Enterprise Act 2002, be used for consumers to pursue a claim against a fraudulent business. As I have stressed throughout my contribution, there is no requirement to keep records. As a result, the information is insufficient or non-existent. There is no requirement whatsoever to carry out checks on the information recorded, so in cases of fraud, when the information is examined, it is invariably inaccurate, bogus or almost non-existent.

In the absence of a registration scheme with teeth, tracing the activities of accommodation address users may be extremely difficult for the authorities—trading standards and the police—and impossible for consumers. I am sure that the Minister will say that voluntary regulation has been tried, but I hope that he will accept that it has severe limitations.

Some trading standards departments have promoted the so-called MAIL—mailing, accommodation, internet and locations—fair trade scheme, which is completely free of charge for traders, who join it under the aegis of trading standards. It is designed to ensure a co-operative relationship between trading standards and its members. It has the sort of voluntary approach that the Government often encourage. Unfortunately, it does not work very effectively. For example, in the borough of Westminster, which has 200 operators and is perhaps the prime example in the country in this area, only 30 operators were prepared to join the scheme. An attempt by the Trading Standards Institute to roll it out nationally has not proved successful.

In west Yorkshire, my own area, it is difficult to calculate the number of operators, but we know that only two have been prepared to join the voluntary scheme. It comes as no surprise that those who are prepared to join it tend to be those who provide the least source of worry and who operate a reasonable and effective system.

As I hope I have conveyed, there is a problem for which there is no magic solution. Tackling the abuse of accommodation addresses in itself is not a panacea, but much more could be done. I have already made the Minister aware of my concerns, and I look forward to hearing what he has to say.

11.15 am

The Parliamentary Under-Secretary of State for Trade and Industry (Barry Gardiner): This morning, we have been treated to a perfect example of what an MP's job is. My hon. Friend the Member for Pudsey (Mr. Truswell) has taken on board his constituents' concerns and seen that the problem is not an isolated one. It is not something that just one, two or a few people are affected by, but is symptomatic of something much bigger and wider, not only in his own area but potentially throughout the country. He has brought those concerns to Parliament to try to ensure that the wider problem is addressed through legislation.

My hon. Friend has properly brought the issue to my attention in an Adjournment debate. It is, of course, open to me to do what Ministers usually do in such debates: to read out prepared speeches for 15 minutes and give all sorts of reasons why it might be difficult to do the sort of things that are asked of us. It is probably much better that the Minister should say, "I have listened carefully to what my hon. Friend said, and I give him an assurance that we shall now investigate the matter further. We will try to take what action we can to improve things." That will be the bulk and tenor of my remarks, because my hon. Friend has performed an admirable job in identifying the problem and bringing it to public attention. It is now a matter for Government to examine it carefully and to try to take action.

I shall try to respond to some of the points that my hon. Friend raised. I was grateful to him for the measured way in which he presented them. I thought he could have been a bit more dramatic, in that he could have named some of the dreadful rogue traders and companies that perpetuate such scams.

Mr. Truswell: One of the reasons why it is difficult to give names is because some of my examples are still the subject of investigations, so clearly it would be unwise to do so.

Barry Gardiner: I appreciate that.

My hon. Friend was very measured; he realised that the issue does not have a simplistic solution. Registration in itself might not resolve all the problems. He also alluded to the Enterprise Act 2002. I will try to address that issue in my remarks, along with other ways in which we might tackle the wider problem of such scams.

As my hon. Friend said I might do, I shall set out some of the background to the repeal of section 5 of the Official Secrets Act 1920, which was contained in the Postal Services Act 2000. As he said, a key aspect of the 2000 Act was to create the framework for the introduction of competition within the liberalisation of the UK postal services sector. That was significant in enabling the UK to keep pace with the overall EU movement towards a liberalised postal market. It was also considered that increased competition would bring benefits to UK postal consumers as it would bring them greater choice and keener prices, improve the quality of service, and provide for increased efficiency within Royal Mail as it responded to the pressures of such competition.

When implementing any new legislation it is always a requirement to examine provisions in existing legislation to find whether they may conflict with the framework envisaged by the new legislation, and then to take action to repeal or amend as appropriate. During that exercise, one such item of legislation that was identified as being a possible candidate for review was section 5 of the 1920 Act. As my hon. Friend also suggested, it was considered that its requirements, if enforced, would place unnecessary burdens on postal operators in that competitive, liberalised UK marketplace. As the provision was Home Office legislation, my Department consulted the Home Office on the potential repeal of this section. The Home Office confirmed that it was a redundant provision that it no longer required for its purposes, that the police authorities had not been actively enforcing it, and that it would place unnecessary burdens on postal operators and the police force within the newly envisaged framework. The Home Office therefore suggested that it was content for the repeal to take place.

It should also be noted that the intended purpose of such a provision contained in the Official Secrets Act 1920 would not have been the regulation of accommodation address services in respect of trading standards and consumer protection issues. The Official Secrets Act of that nature was mainly instigated by the requirements of British intelligence agencies, especially at that period when there existed significant national security concerns regarding acts of terrorism and acts to infiltrate and undermine the Government. The purpose of that provision in that context was likely to be to give the police authorities a means to intercept or track mail in order to root out suspected spies or individuals engaged in activities against the interests of national security. Its intended applicability to issues other than that is doubtful. That is further supported by the fact that it dates from a period when there was only one United Kingdom postal operator, and it is doubtful whether there were many businesses providing what is now considered to be an accommodation address service.

Having said that, my Department is sympathetic to the concerns that have been raised about increasing transparency and accountability in respect of businesses and individuals who may be involved in criminal or fraudulent activities to the detriment of consumers, and who may operate some of their correspondence dealings via an accommodation address service, where such services may not hold or make available to the authorities adequate client details.

My officials have advised me that they have not yet been presented with sufficient robust evidence to support those concerns or to suggest that the problem is so widespread that it merits a national solution. However, my hon. Friend has provided a good amount of evidence, and I ask him to come to see me, perhaps with trading standards officers from his area—and officers from other areas, if they have been in contact with them—so that we can establish together exactly what is the calibre of the evidence and make a good case to the Department. Officials should have a sound body of evidence to work on in order to address this problem.

I turn briefly to the Government's approach to consumer protection and scams in general. We remain committed to improving Britain's consumer regime—a regime that protects and empowers consumers, and that is as fair to business as it is to consumers. I am aware of my hon. Friend's keen interest in consumer protection and policy issues, and although I may cover some areas

of which he is already aware, I would like to highlight some of the work that the Government already undertake regarding protection for consumers against scams and frauds.

The Government set out how they would achieve their aim of improving the UK consumer regime in their consumer strategy, "A Fair Deal For All—Extending Competitive Markets: Empowered Consumers, Successful Business" which was published last year. The strategy recognised that enforcement needs to be more effective at stopping the rogues—those who deliberately set out to defraud consumers, often targeting the most vulnerable, as my hon. Friend has highlighted in some of the dreadful examples that he has given.

The Government have provided funding to trading standards services to pilot their specialist "scambuster" team initiative; £1.79 million is being made available over two years. Those dedicated teams will work across local authority boundaries, focusing on the hardest to tackle scams that are normally beyond the capacity of an individual local authority to deal with. The firm intention is that they will crack down on the genuine crooks. A further £1.2 million has been made available over two years for trading standards services to set up an intelligence network to help underpin the effectiveness of "scambuster" teams and local trading standards departments. That network will play a part in ensuring that the real rogue traders find it much more difficult to hide and continue their dishonest activities.

My hon. Friend spoke about the Enterprise Act 2002, and I want to make him aware of Government proposals to amend it to make it easier for consumers to get the kind of information that he referred to from trading standards departments so that they can pursue civil cases. Part 9 of the Act relates to the disclosure of certain types of consumer and competition information. Currently under the Act, public authorities such as trading standards departments are unable to disclose information to individual consumers or businesses for the purpose of civil proceedings. That is to protect sensitive competitive and commercial information, and, as such, it is perfectly proper. However, the Government are currently moving to amend the Act to make it easier for consumers to obtain such information from public authorities in order to pursue civil cases, while protecting sensitive competition information. For example, consumers will find it easier to obtain such information in situations where they are the victim of a scam and wish to reclaim money they have lost, wish to seek redress for personal injury arising from a dangerous or defective product, or seek to obtain information such as a trader's name so that they may serve court papers.

Part 9 of the 2002 Act will be amended in the Company Law Reform Bill that is currently passing through the other place. That will be an enabling provision and the definition of the civil proceedings for which disclosure can be made and the types of information will be enacted through secondary legislation, which at present is planned for some time next year. I hope that that gives my hon. Friend an idea of what the Government are doing to improve the regime by which individuals can seek redress and act to prevent fraud.

The EU directive on unfair commercial practices will also help in combating scams. That directive encompasses significant new enforcement provisions that will help trading standards officers and other enforcers take more effective action against scams. Annex I contains specific provisions prohibiting scams where no prize is awarded at all, where false impression is given that those who participate are likely to get a prize, or which require the consumer to incur a cost. The directive also prohibits misleading actions or omissions, which will outlaw many scams, and, as a final catch-all, it introduces an overarching duty on businesses not to treat consumers unfairly.

I do not want to give my hon. Friend the impression that nothing is being done in this area. It is an important area, and much is being done, both at national level through the Enterprise Act 2002 and the Company Law Reform Bill, and at European level. We are trying to address these dreadful practices.

I congratulate my hon. Friend on this debate; it is an exemplary piece of parliamentary activity. I give him a commitment that if he brings that evidence to me and my officials, we will take it forward through my Department, and do our very best, in conjunction with other Departments with an interest in this area, to ensure that these scams are eradicated once and for all.

11.27 am

Sitting suspended until half-past Two o'clock.

Health Services (Wiltshire)

2.30 pm

Mr. James Gray (North Wiltshire) (Con): This important debate about the crisis facing health provision in Wiltshire is being held against the background of the Secretary of State's visit to the conference that is being held by the Royal College of Nursing. She is trying to explain to those present why she declared on Sunday that we have never had it so good—or words to that effect—that the health service is safe in her hands and that this is the best year ever in its history. I simply say one thing to her and to the Under-Secretary of State for Health, the hon. Member for Don Valley (Caroline Flint), who is answering the debate. Although the Minister looked very fetching in her tracksuit bottoms in a photo opportunity yesterday, we need more than photo opportunities and spin from the Secretary of State. She and the Minister need only come down to Wiltshire to find out about the reality of the health service on the ground.

Incidentally, in that context, I was amazed the other day to hear that the Secretary of State has visited a grand total of 11 national health service institutions in her two years in the post, so it is hardly surprising that she knows precious little about what is happening on the ground.

Dr. Andrew Murrison (Westbury) (Con): Did my hon. Friend also hear that the shadow Secretary of State for Health, my hon. Friend the Member for South Cambridgeshire (Mr. Lansley), has visited 60 NHS hospitals in that time?

Mr. Gray: My hon. Friend is right. My hon. Friend the Member for South Cambridgeshire is assiduous in his attention to detail and in visiting institutions, but I am afraid that the Secretary of State is not, and she will have to spend more time on such visits.

The Secretary of State might like to start that process by coming down to Wiltshire, where I will show her a national health service that is not the best that it has ever been, but which is in meltdown. I use that expression with care, because I do not wish to alarm the ill, the infirm or the elderly, but health provision across the board in Wiltshire is in terminal decline, and it is important that we have this debate to bring that to the Government's attention.

The debate has come about because of the consultation paper issued by the Kennet and North Wiltshire primary care trust on the way forward. It discusses how to bridge the trust's £18 million-a-year deficit and the £28 million inherited debt that the Government are also forcing it to pay off. I should say straight away that every facet of the consultation paper is unacceptable. It offers three options, but all three are wholly unacceptable, and I shall return to that in a moment.

First, however, we should examine the consultation itself. If one is holding a consultation with the public, it should surely be possible for them to come back and propose a different option from those laid down in advance by the PCT. It should surely be possible for them to come back and say, "We want our community hospitals to be preserved as a whole." We have seven such hospitals in Wiltshire, and it must surely be possible for the public to come back and say, "We want all seven." At best, the consultation paper—I am referring to option three, for which I hope people will vote—will save two of those seven hospitals, but close five. Option one, which the Government and the PCT prefer, in effect closes all seven.

Mr. Michael Ancram (Devizes) (Con): My hon. Friend hopes that everybody will vote for option three, but would it not be better if everybody wrote in and said that all three options were unacceptable because they closed hospitals? In my constituency, for example, they will close Devizes community hospital.

Mr. Gray: My right hon. and learned Friend is of course right, and I shall make precisely the same point. We should ignore the tatty paper that the PCT has produced, which offers three equally unacceptable options. Indeed, I shall ask the public to ignore it and to write in to say that we want none of those options. None the less, of the three, number three is the best.

Let me return, however, to the consultation process itself. Mr. Nicholas Gilliard, the PCT's deputy head, and, more recently, Carol Clarke, its chief executive, have had a number of private conversations on the issue. They have made it plain to the editor of the local newspaper and at a meeting with groups of friends of the local hospitals that the PCT is determined that we should go for option one. Indeed, Carol Clarke said that she was the Margaret Thatcher of the national health service locally, so the lady is not for turning. She is determined that we will go for option one and that the PCT will close its community hospitals across the county.

Mr. Michael Wills (North Swindon) (Lab) *rose—*

Mr. Gray: I will give way in one moment. Irrespective of what one thinks of the substance of the consultation paper, the fact is that full-time employees, or servants of the state, stood up one week after the consultation was issued to say that their strong preference—as Carol Clarke said, the lady is not for turning—is for the worst option, or the meltdown option, and for all our community hospitals to close. The hon. Member for North Swindon (Mr. Wills) does not have any community hospitals in his area, but I will happily give way to him.

Mr. Wills: Does the hon. Gentleman regard the description of that lady as the Margaret Thatcher of the local NHS as a compliment?

Mr. Gray: I would of course view it as a very strong compliment, although I am not sure that it would necessarily be viewed as much of one in the halls of new Labour, in which that lady presumably seeks to work. The fact, however, is that she is determined to go for the worst option and to close the hospitals, irrespective of what the public might say in response to the consultation. That is what is so disgraceful.

As my right hon. and learned Friend the Member for Devizes (Mr. Ancram) said, I shall be asking the public in North Wiltshire to write in in their thousands and tens of thousands. I intend to deliver perhaps 100,000 letters, or at least signatures on petitions, to the Government

and the PCT. Those people will not be asking for any one of the PCT's wholly unacceptable options, but telling the Government, "We want our community hospitals to be preserved as they are." If the consultation is genuine, and the Government are indeed determined to listen to our constituents, that option would presumably be available to them.

I will shortly have the honour of presenting a petition to the House of Commons. It will contain at least 30,000, and possibly 50,000, signatures, and I suspect that a significant number of others will write in to add their names to it. My suspicion, however, is that the so-called consultation is a sham and that no consultation is going on. The Government, or their puppet the PCT, have decided to cut, cut, cut our community hospitals and, in effect, to close all seven.

Incidentally, before someone turns round and says, "Don't worry. Chippenham's safe", let me say that under option one Chippenham community hospital will be left with only 20 stroke beds, and any vague resemblance to a hospital will be long gone. What is happening to Chippenham community hospital is what has happened to Malmesbury community hospital over the past two or three years—death by a thousand cuts, with the removal of one service after another. That is entirely unacceptable. Our area is predominantly rural, and 2,500 patients a year use our community hospitals. It is entirely unacceptable that those hospitals should be closed and, according to the consultation paper, replaced by what looks like souped-up GP surgeries. We want our community hospitals and we are determined to keep them.

In that context, I was very much encouraged by the consultation paper "Our health, our care, our say", which the Government produced on 31 January, and by what the Secretary of State said in it:

"we are clear that community facilities should not be lost in response to short-term budgetary pressures that are not related to the viability of the community facility itself."

Conservative Members welcomed that statement. There was also a statement to the House of Commons, in which the Secretary of State said that the community hospitals were to be saved, which Conservative Members also very much welcomed. Even then, however, we pressed her a little and, by chance, I happen to have the *Hansard* extract here. She said:

"I am ensuring that primary care trusts that are considering the closure of community facilities, and particularly community hospitals, review those in the light of the clear strategy that we have spelled out in the White Paper to ensure that they have the facilities that will be needed as more services are moved out of acute hospitals into the community."

Even then, I was not entirely certain that I could believe what I was hearing. I thought, "This is great news. The Secretary of State is on my side. We've won this battle. We're going to save our community hospitals." I therefore leapt to my feet to press her. I asked:

"Will the Secretary of State give some attention to a case in point, my constituency, where community hospitals, particularly Malmesbury, as well as those that serve the constituency of my hon. Friend the Member for Westbury (Dr. Murrison)—Bradford-on-Avon, Warminster, Westbury, Melksham and Trowbridge—are under threat? Listening to the Secretary of State's statement, I believe that she is beginning to say that we ought to think again about closing those community hospitals."

That was a clear question. I asked whether she meant that she wanted to save those community hospitals. She said:

"Avon, Gloucestershire and Wiltshire ... need to decide whether specific proposals relating to cottage or community hospitals are indeed the answer, or whether those settings represent future paths that need to be extended rather than diminished or closed."—[*Official Report*, 30 January 2006; Vol. 442, c. 33–34.]

I challenge the Minister to say whether she stands by what the Secretary of State said as recently as 30 January, when she explicitly said that she believed that community hospitals were the way to deliver in Avon, Gloucestershire and Wiltshire—she named the area, and answered my specific questions—or does she stand by any of the three inadequate options offered in the consultation produced by the primary care trust last week? She cannot have it both ways. Either we keep the community hospitals open, which seems to be what the Secretary of State was suggesting, or we allow them to close, which appears to be what the PCT is now asking for.

The crisis in the health service in Wiltshire is not limited to the closure of the community hospitals, although that is its pinnacle. The crisis spreads across almost every aspect of delivery in the area. Only last week, the Royal United hospital in Bath announced that the dreadful shortage of money meant that it would have to sack 300 people and close up to 60 beds. The Great Western hospital in Swindon is inadequate for the numbers going there; there are huge waiting lists for a variety of procedures. Indeed, a constituent of mine, a retired fireman, used his redundancy money to pay for his wife's operation. It was a perfectly routine women's operation but it had to be done privately. That is a disgrace. That is not how we want our national health service to be.

I was interested to note that, in its press notice about the bed closures, the Royal United hospital said that we should not worry and that everything would be all right because it could rely on the community facilities around Wiltshire to cope with the pressure. Little did it know that the PCT would simultaneously be going out of its way to cut and then close the very community facilities upon which the Royal United was relying.

Steve Webb (Northavon) (LD): I share the hon. Gentleman's passion for the NHS. However, he will recall that, in the previous Parliament, the House had to vote for a penny on national insurance, which raised about £8 billion for the health service. I assume that he voted against. If he had had his way, what would be the state of the health service in Wiltshire now?

Mr. Gray: I am encouraged to hear that the Liberal Democrats are sticking by their one and only policy, namely a penny on this or a penny on that. It used to be a penny on income tax; it is now a penny on national insurance. They say, "Whatever your problems, when we form a Liberal Democrat Government, we will solve them."

Mr. Ancram: In light of that intervention, will my hon. Friend reflect on the fact that, although spending on the health service has doubled over the past nine

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years, health provision in Wiltshire has diminished? What does he think a penny on the national health service would achieve?

Mr. Gray: My right hon. and learned Friend makes an extremely good point. Any housewife knows that it is not how much one spends but how one spends it.

The figures for spending in Wiltshire are extremely interesting, and I am glad that my right hon. and learned Friend raised the matter. In reply to a recent written question, we were given the spending figures per head for Wiltshire compared to the rest of the nation. In 2004–05, the Government spent £917 per head in Kennet and North Wiltshire. I shall choose a few areas pretty much at random from that answer. I start with Sedgefield, the Prime Minister's constituency, where spending was £1,236 per head. In Derwentside, Durham and Easington, constituencies in the north of England represented by Ministers, spending was £1,200 or more per head.

Why should people represented by Labour Ministers have one third more spent on them than we do in Wiltshire? That is why we have such debts. That is why we have a so-called overspend. It is not overspending—it is underfunding. All we seek in Wiltshire is the delivery of a first-class health service free at the point of delivery. The Government have forced our PCTs to misspend their money in myriad ways and are preventing that from happening.

The crisis in the national health service does not affect only hospitals. We can see all sorts of other symptoms, such as the prescription postcode lottery. For example, a lady constituent of the hon. Member for North Swindon recently lost her battle in the High Court to get Herceptin to treat her breast cancer, although I think that she is to appeal. One of my constituents, a person by the name of Gray, by coincidence, is going through the same battle.

Mr. Wills: On a point of information, my constituent won her case on appeal.

Mr. Gray: I am delighted to hear it, but the fact that someone should have to go the High Court to extract from the Government the drugs that she needs to save her life seems to be indicative of the problem. There is a terrible postcode lottery in a variety of prescription factors.

National health service dentistry in my constituency is virtually non-existent. I recently won a small battle with the Department of Health over a technical detail that allowed an NHS dentist in Chippenham to preserve his livelihood—I shall not delay the House with it—but people in North Wiltshire are extremely lucky to find a proper national health service dentist, and more dentists are pulling out of the NHS as a result of the new contracts.

The ambulance service recently came up with more new Labour reorganisation. The Government love it. When something goes wrong, they do not put it right—they reorganise it. When I was first elected to my constituency about 10 years ago, I visited the Wiltshire health authority. I was told that it was terribly out of date, that it was a county organisation, and that we were going to have the latest thing—the primary care group. Large quantities of money were spent on creating primary care groups—IT costs, redundancies, management consultancy costs and so on. They then changed to primary care trusts, with more IT and consultancy costs and more redundancies. They then amalgamated two of the trusts—those in my constituency and in the constituency of my right hon. and learned Friend. Now they are bringing the PCTs back together into one big unit, which looks for all the world exactly like the old Wiltshire health authority. I have one question. Should we allow Bath at one end, and Swindon at the other, to become part of our PCT?

Mr. Wills: I hope to speak a little more on that subject later. On another point of information, I remind the hon. Gentleman that we had a Conservative Government 10 years ago, so the idea that health service reorganisation is a function of what he called new Labour is wrong as a point of fact.

Mr. Gray: It is not a point of fact. I became a Member of Parliament on 1 May 1997. The hon. Gentleman will recall that the Conservative Government sadly lost power on that day. The reorganisation to which I refer occurred after I attended the Wiltshire health authority as the Member of Parliament under the new Labour Government. The hon. Gentleman is not quite accurate about that.

All those reorganisations cost a fortune. So what happened recently when we had a problem with the ambulance service? The Government did not put it right or sort it out. They decided to move the deckchairs on the Titanic of the ambulance service and amalgamate the Wiltshire ambulance service with the Avon and Gloucestershire services. What did we find then? One of the chairmen of the constituent parts of the new ambulance service resigned because he believed that the inherited debt of the new ambulance trust would be such that it could not deliver a decent ambulance service to the people of Wiltshire. There we have it: an amalgamation, a management change and the inability to deliver a safe ambulance service.

Steve Webb: I heard of that resignation. It was subsequently claimed that the person who resigned applied for the post of chairman of the new service but was turned down. What does the hon. Gentleman think of that?

Mr. Gray: I am not at all certain about the internal politics, but the fact is that he was chairman of one of the three trusts. He may have had a personal motive for resigning, but he nevertheless produced the figures to demonstrate that the new ambulance trust would have a huge deficit. If the hon. Gentleman is claiming that the amalgamation is a good thing and that his constituents would be well served by the new ambulance trust, he will fall by his words when we discover that it is not working. That was an extremely helpful remark. The Liberal Democrats are apparently in favour of the amalgamation and they will fall on the failure of the trust in months to come.

It is always the way: whenever there is a problem, the Government do not mend it, they reorganise it. We have seen huge amounts of management reorganisation over

the years. That is where it has gone wrong. I pay tribute to the Government for spending more and more money on the health service, but the service has got worse and worse. I try not to use hyperbole and I do not exaggerate, but it seems to me that in Wiltshire the frail, the elderly and the sick are not getting the kind of health service that Beveridge foresaw for them. That sort of health service no longer exists in North Wiltshire. I believe that we are seeing the terminal decline of the health service. I do not believe that in 10 years' time we will have anything that even vaguely resembles a national health service in Wiltshire. I believe that this uncaring, despised and hated Labour Government are to blame for that failure. *[Interruption.]* It is not funny, Minister. Do not laugh about it.

2.50 pm

Mr. Michael Wills (North Swindon) (Lab): I start by congratulating my constituency neighbour, the hon. Member for North Wiltshire (Mr. Gray), on securing this debate on a subject that is of great importance to all our constituents. He deserves our thanks for giving us the opportunity to talk about it. I am particularly glad to have caught your eye, Mr. Gale, as when I looked at the massed ranks of Conservative MPs from Wiltshire opposite—I am pleased to see one Liberal Democrat present—I thought that there would probably be a need for some balance and perspective.

The hon. Member for North Wiltshire did not always succeed in his self-imposed task of avoiding hyperbole. Of course, the NHS can do better—it always can—but it is important to recall the extraordinary progress of the past eight years or so, as I shall do in relation to my constituency.

I am sure that my hon. Friend the Minister will clarify a number of points on national issues. I hope that she will find time to pay tribute to the extraordinary work carried out by everybody who works in the health service, such as ancillary staff, nurses, doctors, and admin and clerical staff, all of whom deserve our thanks. I hope that everyone in the Chamber will join me in congratulating them on the extraordinary work that they do on behalf of all our constituents.

I am also sure that the Minister will find time to talk about financing the health service. I note that for all the hon. Gentleman's elaborate critique of the current state of the national health service, he was short of constructive alternatives. I hope that some of his colleagues will come forward with practical proposals on how they would do things differently and better. I also hope that they will pay particular attention to the fact that as a party they are committed to a so-called third fiscal rule, which means that, axiomatically, they would spend less on public services than the Government. I shall be interested to hear how Conservative Members propose to improve the health service with such fiscal constraints.

I want to talk a little about my experiences of the health service in my constituency. I want to make it clear that this is my personal view, and I have not been put up to it by the Whips. I stress that my experience of dealing with the Minister's Department on behalf of my constituents has not always been happy. There is a certain carelessness from time to time, not from the Minister, but from some of her colleagues. I shall long remember the reply to a letter that I wrote on behalf of a constituent who was in severe and acute back pain and wanted to know why the services of her chiropractor could not be provided on the NHS. Two months later, I got a reply from the Minister in question—not the Minister who is present—which went on for three pages extolling the extraordinary progress and investments that the Government have made and about changes to the provision of chiropody on the NHS.

I have spoken in the House before about the disgracefully bureaucratic and sclerotic response of the Minister's Department to an imaginative and innovative proposal to give choice to the users of dementia services and their carers. I am disappointed that the Department did not respond more constructively to an initiative from front-line professionals in Swindon and the surrounding area, which was focused on delivering what the Prime Minister says that he wants.

Having said that, we should look back at how the NHS was in 1997 and consider the progress that has been made. Only the blinkered and the partisan could talk about this subject for nearly 20 minutes without mentioning the dramatic improvements. All the talk about meltdown is ridiculous when one considers the situation nine years ago.

I remember two middle-aged couples coming to see me in my surgery in successive weeks in 1998. They were desperate because they had been told that the husbands would have to wait more than six months for angiograms. They were under great stress because they did not know whether the husbands would need severe heart operations or what the prognoses would be. They had to wait six months because the resources simply were not available. That simply does not happen any more. The average waiting time for an angiogram in the Great Western hospital is three months, and many people are seen far more quickly than that.

In 1997—I am sure that all hon. Members will remember this—the acute hospital serving Wiltshire was the crumbling Princess Margaret hospital in Swindon. There was a £30 million backlog of repairs and no indication from the Conservative Government of where the money to pay for those repairs was to come from. There was only the most idle, footling discussion about replacing the hospital. We now have the brand new Great Western hospital, which is doing a splendid job. Of course, it is not perfect and there is room for improvement, but the comparison with the old Princess Margaret hospital is dramatic. I repeat that only the blinkered and the partisan would deny that.

The old hospital had waiting lists that stretched for months, and sometimes years. Waiting lists of in-patients grew by 40 per cent. in the last two years of the Conservative Government, and patients were being bussed to hospitals as far away as Birmingham and Southampton.

Mr. Ancram: I am sure that the hon. Gentleman does not want to be unfair. He says that the new hospital in Swindon is the work of the Labour Government. However, I do not think that he was a Member before 1997, because I represented a large part of his constituency then. Before that election, I recall being consulted on where the new hospital should go, by a Conservative Government who were determined to

[Mr. Ancram]

build one. Indeed, the site on which it was to be built was identified at that time. I am sure that he would like to pay tribute in that regard.

Mr. Wills: I am grateful to the right hon. and learned Gentleman, but I chose my words carefully. I said that there had been a lot of idle discussion from the Conservative Government: no practical plans were in place. I respect his longevity in the House and his great experience, and I pay tribute to his diligence as a constituency MP—I inherited many of his constituents, so I know that he was a very good constituency MP—but if he looks back at the record, he will see that no practical plans were in place. They were driven through by the Labour Government and were only possible because of their approach from the beginning to the financing of the NHS.

Mr. Gray: Will the hon. Gentleman pay tribute to Baroness Thatcher, who introduced the private finance initiative under which the hospital was built?

Mr. Wills: The hon. Gentleman has already made his views on Baroness Thatcher clear, but she has very little relevance to this debate.

The experience of my constituents in relation to the provision of hospitals under the last Conservative Government was not just that there were no plans in place to replace the Princess Margaret hospital. My hon. Friend the Minister and Opposition Members will remember that for many years Wiltshire and Swindon had a wonderful hospital in the Princess Alexandra RAF hospital in Wroughton, at which roughly one in 10 of my constituents were born. It provided a crucial resource in helping with hospital care in Swindon, and its closure added a 6 per cent. burden overnight to the services that the Princess Margaret hospital had to provide for my constituents in North Swindon.

When the Princess Alexandra hospital closed, as part of a defence review, the Conservative Government gave no concern to health care needs in that area. We can talk about closures and reorganisations, but at least when this Government reorganise health services, it is with the intention of improving health care, although Opposition Members may disagree with us on whether that intention will be realised. The Conservative Government closed a hospital in Swindon for reasons that were nothing to do with health care. The closure was to get them out of a fiscal hole that they had dug by conducting a savage defence review.

Mr. Ancram: The hon. Gentleman has been very complimentary about me, and he will want to be fair about this. I strongly opposed the closure of the Princess Alexandra hospital, which was also in my constituency, as I thought it was the wrong decision. The idea was to give the facility to the hospital in Gosport, which is now also under threat. Everything that I said then is coming true.

Will the hon. Gentleman remind me whether at that time—before 1997—his party supported PFI as a way of building new hospitals?

Mr. Wills: I am aware that the right hon. and learned Gentleman opposed the closure of the hospital; I think that locally, everybody did. My point was about the approach taken by his Government.

This Government support PFI, and as a result we have been able to build a lot of new hospitals. My basic point about financing the health service is that the Government are committed to provide more funding than the Conservatives would. The onus is on the Conservatives. Rather than whinging and complaining about what the Government are doing to improve the health service, if they have a better set of proposals they should let us hear them. We should not just have the critique, but let us hear what they are going to do, how they will manage it and how they will fund it.

It is not only the hospital service that is improving, and it is improving, whatever Conservative Members might say. We also have an innovative new range of GP services, and I want to talk about one example from my constituency, the Taw Hill surgery. It is an admirable surgery run by a dynamic collection of GPs who constantly look for ways to improve the service that they deliver to their patients. It is interesting what they have been able to introduce because of the funding provided by the Government.

The surgery offers retinal screening for diabetics, which identifies problems and allows for early treatment of the condition, saving many people's eyesight. A carpal tunnel and hernia service has been introduced. That used to be done under general anaesthetic in hospital, but it is now done under local anaesthetic and locally. There is an antenatal 3D ultrasound facility. Laser skin treatments were previously carried out 40 miles away in hospital and are now carried out at the surgery. Those four important services are now offered locally, and that is only possible because of the investment from the Government, which enables innovative, adventurous and forward-looking GPs, like those at the Taw Hill surgery, to deliver better services for their patients.

All that should be welcomed by Conservative Members. Instead of carping and criticising, we ought to celebrate the progress that we have made. Of course, let us look for improvement, but let us not paint a one-sided, whinging picture of what has happened in Wiltshire. Most objective observers agree that the situation is far better than it was. I am sure that my hon. Friend the Minister will say that further improvements are needed, as that is what the Government are determined to deliver.

3.2 pm

Robert Key (Salisbury) (Con): I start from a slightly different perspective. Perhaps I should have a text: "veniuntque abeuntque pueri, sed semper maneo", or "the boys come and go, but I always stay the same". I am perhaps the longest-serving Member for Wiltshire. I first attended Salisbury hospital in 1952 to have my tonsils out when it was a Nissen hut camp outside the city, on the hill. I have long-held and pretty fond memories of the health service.

I should also declare that I am going to be extremely nice about the health service in South Wiltshire, as I shall shortly be testing it myself. I have an operation booked with the excellent national health service to look

after my problem. I shall be throwing away my walking stick and leaping around Westminster shortly. Having said that, I am going to take a slightly different approach to the problems. The crisis that we face in Wiltshire is caused by the crisis management of debt and projected debt and by the unclear boundaries between health service provision and social service provision. That, as far as the south of the county is concerned, is the biggest problem.

It is also an issue of accountability. Over the past six months or so, we have seen the closure of the Amblescroft unit for elderly, mentally ill people, the Greencroft centre as a day centre for disturbed people with a wide range of problems, as well as the community nursing plan service and the hospital alternatives team. We have seen the closure of the Shelwork factory run by Action for Blind People and the Shaw Trust centre for people who are visually impaired and disabled. We have seen a lot of such closures.

At the heart of that has been the great distress caused to the people and families involved. A lot of lessons have been learned. When I have raised such issues, I have received nothing but courtesy from Ministers. When I raised the closure of Amblescroft and the Greencroft centre at oral questions on 7 March, the Secretary of State immediately said that she would look at the specific cases. She did, she got back to me and I received a charming letter from the Minister who is with us today, in which she also pursued those points. It all came back to the problems of accountability. The Secretary of State and the Minister both rightly said that a lot of money was being spent and that decision making on individual projects and expenditure must be matters for local decision.

There is a problem. County councillors faced with picking up the bill, as the national health service will not pay for what it previously paid for, are liable to surcharge. They cannot just go on running up debt ad nauseam. They have not only the electors breathing down their back, but the district auditor. That is a problem for them.

The primary care trust, the acute trust and the mental health trust all have executive and non-executive directors. They have to take responsibility as they are remunerated—not very generously, but they are remunerated—but they are blushing violets. It has been with the greatest difficulty that I have persuaded people to realise that a lot of people in the community are appointed by the NHS Appointments Commission to look after the interests of local people. Nobody knows who they are and when things go wrong they keep their heads down. That is wrong.

I have tried to encourage the non-executive directors of our local health trusts in Salisbury and South Wiltshire to put their heads above the parapet and to explain what is going on. I challenged one of them, who I know very well, and said, "You know what is going on. Surely you can come out and say that when Amblescroft closes no one will be out on the street, because you will have to pick up the pieces." The reply was "Oh no, we have been told not to say anything, because that would indicate liability. We have been instructed to say nothing to anybody." That is a shame, as it inhibits accountability. It is wrong, and it should not happen.

When we consider what has been going wrong in Salisbury, we should remember that a tremendous amount has been going right in South Wiltshire. The health service is in good heart. We have moved on from the Nissen hut era, I am delighted to say. We have been through a number of different sites and have seen rationalisation and massive delay. The one thing that has characterised the health service in South Wiltshire has been change after change. It has normally been a question of administrative change and financial procedures. Often, clinical procedures and policies for the treatment of people have changed. Occasionally, as in the crisis of the past few months, we have seen the chief executive of our primary care trust—an excellent public servant—trying to persuade us that the problem is solved because they have found a new and clinically better way to treat people that, surprise surprise, will cost less in the long run.

That does not help the people who write to their Members of Parliament in terms such as this:

"I am aware that you have been involved in trying to resolve the issues of care funding . . . My mother was resident"

at Amblescroft

"until she unfortunately died . . . She was one of the twelve people earmarked as requiring just 'social care' and as such would potentially have received no direct funding for her nursing care if she had been moved to a nursing home as was being proposed. When I point out that she was epileptic, doubly incontinent, bed ridden, had high blood pressure, high cholesterol and enlarged blood vessels in her brain making her liable to a stroke, was prone to infections and I was asked if they should put 'do not resuscitate' on her notes as she was so frail, you will be able to see that she had requirements for nursing care not social care."

That illustrates my problem with the boundaries between health and social care.

Another note from a constituent on 17 March reads:

"I am so frightened, the Greencroft centre has been my haven for a number of years, it has worked alongside my medication in keeping me as stable as possible. I suffer from Borderline Personality Disorder, Clinical Depression and Epilepsy. I also have eating problems and self harm as a coping mechanism to deal with extreme trauma! Since the devastating news that the Greencroft centre is closing, my illness has become worse. I get shaky and panicky, wondering how on earth I will cope after the 30th of April. I live alone and I am so scared."

It is at the edges that it really feels bad when things go wrong. It is not the robust clinical directors, who can run our magnificent hospital and make the best possible use of every penny that the taxpayer provides under whatever Government, who suffer. It is the people who are not going for straightforward surgery who suffer. It is the people who have problems with their mind who suffer. Perhaps they have mental health problems. Sometimes they are not in that category. However, it is always the people at the edges who suffer. That is why we must be particularly careful. I believe that there is a future, and we must ensure that it comes to pass when we get through the current crisis.

I congratulate my hon. Friend the Member for North Wiltshire (Mr. Gray) on raising this issue. He has put it in passionate terms as it affects his constituency. My constituency is not seeing the closure of cottage hospitals. We have none; we have no cottage hospital-type facility. I wish we did. It has been suggested that the Amblescroft unit, which has closed, would make an ideal community unit as a sort of halfway house. We

[Robert Key]

should not be seeing the closure of the hospital alternative scheme and community nursing, and that is without consultation with the GPs, incidentally.

There is a tremendous future, but it is no good pretending that everything is fine or that money alone will solve the problem. The issue is all about the sort of management that we want to see. Of course, that must be extremely efficient, but not to the point of harsh delivery and harsh, sudden decisions that have huge consequences for a small number of vulnerable people in our communities.

The health service in South Wiltshire is strong. It has always been good and will get better because of the people who work in it. They include consultants who are attracted by the quality of life and therefore do not wish to move on to further their careers in London teaching hospitals or even Southampton. They want to stay where they are to serve the people of South Wiltshire. That is why the number of consultants in Salisbury has doubled in the 23 years for which I have been the Member of Parliament. It is why the morale among all the people in the heath service, whether clinicians, porters, cleaners or administrators, is so high.

The one thing that dashes everyone's hopes is management by crisis, which we have been seeing recently. I hope that before too long we will be through that phase and back on track towards ever better health services for the people of Wiltshire.

3.13 pm

Mr. Michael Ancram (Devizes) (Con): I congratulate my hon. Friend the Member for North Wiltshire (Mr. Gray) on securing the debate and on the powerful way in which he made his case. The hon. Member for North Swindon (Mr. Wills), whom I am glad to see is back in his place, asked us to praise those who work in the health service, and I do so unstintingly. The midwives, nurses and doctors do an enormously important and very hard task, and on many occasions they are asked to do much more than any of us would be prepared to do in the hours that are given to them. However, I want to say this to the hon. Gentleman, and it comes not from Conservative politicians, but from the doctors, nurses and midwives in my constituency, who are up in arms about what they see as the undermining of local health services. They are the dedicated ones who are saying to me, "Please stand up in Parliament and speak for our health services, because they are in danger of being destroyed." I hope that he will respect their views.

It was not Conservative politicians who booed and heckled the Secretary of State for Health the other day when she went to meet Unison. It was those who work in the health service who did that, because they are desperate. They suddenly see so much of what they believe in and of what they have worked for being undermined and destroyed. I say this to the hon. Gentleman in all seriousness. I shall not make a very party political speech. I listened carefully to the Secretary of State the other day when she said that this was the best year for the health service ever. I listened carefully when the Prime Minister said that we are, through our reforms, going to create a health service that will provide for people what they want, not what they are given. I start from that point.

The patients in my constituency, my electors, want their two community hospitals, their two minor injuries units and their maternity service, but that is not what they are offered. My hon. Friend the Member for North Wiltshire rightly spoke about the so-called consultation document. I say "so-called" because I have been in politics long enough to know what something is about when it sets out options with a preferred option—it is a little bit of cosmetics to cover a decision that has already been taken.

The first option, which is set out in the document as the most favourable because it saves the most money, leaves no community hospitals in my constituency. Savernake and Devizes would close. It leaves no minor injuries units in my constituency; both of those would close as well. It gets rid of the maternity unit in Devizes. It offers "consideration of"—not even a promise—a primary care centre. That is the new idea of glorified GPs' surgeries. There would be only one—for 100,000 people in the Kennet area. The hon. Member for North Swindon tries to tell me that I should go around saying that my health service has improved. I would like to see him try to make that argument in those circumstances.

Mr. Wills: The right hon. and learned Gentleman will forgive me if I ask for clarification. I am not sure who he is blaming for this state of affairs. He segued elegantly from blaming the Government to blaming the PCT for a local decision. With all due respect, he cannot have it both ways. Either he believes in localism, in which case a local organisation—the PCT in this case—is taking local decisions for local people, which he may disagree with, or he thinks that the national Government should intervene, in which case he is at odds with his party's much vaunted adherence to localism. I am sure that he will say that it is both, but can he clarify which is his position?

Mr. Ancram: I am happy to do that in the course of my remarks because I am not someone who makes a criticism without trying to suggest a solution. I am sure that the hon. Gentleman will want to wait and listen to that.

Devizes hospital closes under all three of the options offered, so the people of Devizes are given three options, none of which suits them—none of which, in the Prime Minister's words, provides them with what they want. That is why I am advising them to ignore the consultation options and to write in to say that they want their community hospital retained. When I was elected in 1992, we were promised a new one. From then on, under the Conservative Government and the Labour Government, we were told that we would get one, but then suddenly, out of the blue, the hospital is to go. The people of Devizes feel betrayed not only by the local PCT, but by this Government.

I refer to what is happening as vandalism. As my hon. Friend the Member for North Wiltshire said, the Government talk about their belief in community hospitals, but proceed to stand back while community hospitals are closed. The reason for their closure is not that they are not needed. It is the reason that stands behind the whole of the consultation document: they have run out of money. That is the truth. This is not about better health care or reforming the health service. It is about how we deal with a deficit—a deficit that

should never have arisen. The Government have poured money into the national health service—they have doubled the money over nine years—but my constituency has seen less and less provision during that time. That is a real question that the Government have to answer. I shall come on to how I think they can.

All I can say to the hon. Member for North Swindon is that to talk about the best year for the health service ever is, in my constituency, a cruel jibe. It is a cruel jibe to the people who look to the health service to care for them, and to the people who work in the health service. I attended a meeting the other day in Devizes about the potential closure of the hospital there. The people who were most vocal were the people who run the hospital, the people who run the maternity unit, the doctors themselves. Those people are saying, "This is not what we believed the Labour Government meant when they said that they were going to save the national health service in 24 hours."

The simple truth is that we have been underfunded. I shall explain how I can make that claim and I hope that the Minister listens. I went to see one of her predecessors five or six years ago about the maternity unit and the hospital in Devizes and I talked about underfunding then. We have been underfunded in three ways. First, we are required to pay for the deficit caused by a misjudgment in 1992 in the Royal United hospital in Bath relating to its IT systems. That historic debt has grown and grown and now all PCTs are being asked to bear their share of it. That is nothing to do with us or our health provision, but we are being penalised for it. That is one reason that the debt has accumulated over the years.

I told the Minister's predecessor years ago, "Write that off. Give the new PCT that you have invented a chance to succeed and at least we will see whether the reform you are putting forward is going to work." Unfortunately, my plea fell on deaf ears, but I make it again because that change would have a significant effect on the way in which the reformed PCT could move forward.

The second reason—the Minister must know about this—is that we never received our full eligibility for capitation. Year after year, we have fallen short of it, and I am sure that my hon. Friend the Member for Westbury (Dr. Murrison) will make that point in his speech. We have been underfunded. No one makes any quarrel about that. We have not had the money that we deserved.

Thirdly, we have been underfunded because proper account has never been taken of the problems of being in a rural area. Why do I say that? Last year, as the Minister knows—I am sure that she will make a big thing of this—that problem was recognised. We got a 3 per cent. increase in recognition of what is called rurality. That in itself recognised that we were underfunded in the years before, when rurality was not recognised. During those years—I have to admit that some of them were under our Government—that underfunding became cumulative, our debt got bigger and bigger, and now we are being penalised for that. Will the Minister examine that underfunding? There is no point telling my PCT in its current or reformed state that it has to meet the deficit. Unless the fundamentals are dealt with, we will be back here in four years' time facing more cuts. The system cannot work because the basis on which it is funded is not realistic.

Mr. Wills: I rise to support the right hon. and learned Gentleman on that point. I am grateful to him for outlining the reasons for underfunding in such analytical detail. May I add to his plea on the issue of the funding of deficits by PCTs that did not accumulate those deficits? Swindon PCT is extremely well run and in balance, but it is being asked to fund deficits for PCTs that have not been so well run. I agree with my hon. Friend: this problem must be sorted out because it creates enormous ill feeling. I am happy to rise in support of that point.

Mr. Ancram: The hon. Gentleman referred to me as his hon. Friend and I take that as a genuine compliment. He and I have known each other for a long time and we try to work together on various issues. However, I say this in all seriousness. When the Prime Minister says in Parliament, as he did fairly recently, that he knows that people in his constituency believe that the health service has improved, I do not deny it. However, as my hon. Friend the Member for North Wiltshire pointed out, funding there is one third higher per head than ours. I suspect that, if we got that level of funding, we would not be facing such problems and my constituents might also be saying that the health service has improved.

The point is that we are not getting the funding that we should and as a result, we are facing total medical vandalism. My constituents will end up with one primary care centre. Their hospitals, minor injuries unit and maternity unit will have gone. How can anyone argue that that is not a health service in decline, on a local basis?

I make the plea again. If we are to argue that the health service is about providing service for all equally, and that it should be free at the point of delivery and free at the point of need, it is wrong to have a situation where the Prime Minister's constituency gets more than mine without any justification as to why his constituents need more medical care than mine. Someone told me the other day that it is to do with urban deprivation, but I can tell hon. Members that there is rural deprivation too. It may not be quite so obvious, but it exists and my constituents have as much right to care as others in the country do.

We are considering what is essentially a reform based on the need to cut expenditure in our area. That is totally wrong. It is short-sighted and in time we will find that the health service has been cut to such an extent that it cannot be revived. I hope that the Government will reconsider the matter. I hate to use historical analogies, but listening to the Secretary of State say that the health service has had the best year ever, and listening to the Prime Minister say that everyone knows that it has improved, reminds me of nothing more than the wonderful music Nero played on his fiddle as Rome burned.

3.25 pm

Steve Webb (Northavon) (LD): I congratulate the hon. Member for North Wiltshire (Mr. Gray) on securing a debate on the important issue of health care

[Steve Webb]

in Wiltshire. I want to address important issues about health care in Wiltshire, but I have to say that I find it gut-wrenching to hear the Conservative party talk about the NHS in the terms we have heard this afternoon, when they opposed £8 billion of the money that is currently being spent. When I intervened on the hon. Gentleman on that point, he said, "The Liberal Democrats say spend some more money". But he proceeded to say, "We only get £900 or so per head in Wiltshire. If only we got what they got in Sedgefield, it would all be fine." He appears to be looking in two different directions at once. Either he thinks that Wiltshire needs more money, or he does not.

Mr. Ancram: It does.

Steve Webb: The right hon. and learned Gentleman says that it clearly does. When I asked the hon. Member for North Wiltshire why he voted against the £8 billion that is currently spent, he gave no answer because he obviously does not have one.

Mr. Gray: I have two perfectly sensible answers. Item one: it is not about how much one spends, but the way one spends it. Item two: there is one cake, and we are talking about the way in which the cake is carved up. From the figures I cited earlier on, it appears that the cake has been carved up substantially in favour of Labour-represented areas such as Sedgefield.

Steve Webb: There we go. We get two inconsistent points of view. The hon. Gentleman said that it is about not how much one spends, but the way one spends it. Why could the £900 per head in Wiltshire not be spent more effectively?

Mr. Gray: It's both.

Steve Webb: The hon. Gentleman says it is both. He cannot hold these two positions simultaneously. What is needed is more money, but apparently it is right to oppose a tenth of current NHS spending, which is more than was raised by the penny on national insurance that he also opposed. Imagine the cuts to Wiltshire health services without that extra tenth of spending. That is what he voted for, and that is extraordinary.

Mr. Wills: I thank my hon. Friend for giving way—everyone is my friend today. I wondered whether he heard any Conservative Members suggest practical ways in which money could be spent more effectively.

Steve Webb: To be fair, the hon. Member for North Wiltshire mentioned one clear waste of money, which has been the process of going from health authorities to primary care groups to primary care trusts to the reinvention of health authorities, which is pretty much the same as the number you first thought of. That process has cost a lot of money. No one could dispute that. That money would have been better spent on front-line patient care.

Clearly, there has been waste, but I take the general point of the hon. Member for North Swindon (Mr. Wills). We hear the comments made, but there are practically no suggestions. There is no suggestion of an overall increase in NHS funding in comparison with present levels as far as I can see. There is a suggestion that Wiltshire and other areas get more and the north of England gets less, but I remind Conservative Members who have spoken that the Conservative Government presided over a system—as all Governments do—where the more prosperous bits of the country get less per head on average, and the less prosperous bits get more. I do not accept the idea that a Conservative Government would do anything different because they did not when they had a chance to do so. I hope that the electorates of Wiltshire and beyond have long memories because 18 years passed by and those issues were not addressed.

Mr. Ancram: The hon. Gentleman says rich areas should get less and poor areas more. Does he realise that a survey on rural deprivation in Wiltshire was carried out by a well known local Liberal about six years ago precisely in order to show that the concept that a rural area such as Wiltshire was richer than other areas was wrong? Is the hon. Gentleman going to deny that and chuck it in the basket because it does not suit his case?

Steve Webb: So why did the Conservatives not address that point during 18 years in office? The people in Wiltshire are no doubt told that if they vote Conservative they will get more money for health care in Wiltshire, but I do not suppose Conservative candidates in the north-east of England, who obviously have no hope of getting elected, go around saying, "We will take money off you". That is very mysterious.

I have some common ground with other hon. Members. The hon. Member for Salisbury (Robert Key) made a measured and thoughtful contribution, which raised some serious points, in the midst of a lot of good things happening in the NHS. Like others, I have huge admiration for the work of those in the front line of the NHS.

The hon. Gentleman rightly said that there are real problems related to the health and social care boundary. That is a major problem and I hope that any reorganisation of PCTs will not undermine successful joint working between social services and health. It is less of an issue in Wiltshire, where the merging of PCTs at least increases the chance of coterminosity between social services authorities and health authorities, but that is not the case in my area, where the Government will undermine the existing links and break them. He made that important point, and I think one other.

Mr. Gray: Will the hon. Gentleman give way?

Steve Webb: I have rather less time than other hon. Members have had. I have only five minutes, but I shall give way.

Mr. Gray: I am most grateful to the hon. Gentleman for giving way, but I think that in fact, he has plenty of time. I forgot to mention one problem that we have had recently with the primary care trust. It has withdrawn from joint ventures with the county council. Wiltshire county council is already bearing between £3 million and £6 million, and it looks like it will get worse. It means that either the council tax will have to go up,

which it presumably cannot do because of capping, or valuable services for the most vulnerable in our society will be cut. That is the reality.

Steve Webb: I do not have any problem with that point, because in my judgment those budgets should all be pooled. The idea that we try to draw arbitrary dividing lines, with the resultant shifts in budget, is absurd. It is a long-standing problem.

The hon. Member for Salisbury alluded to the pace of reform. He was right to do so, and his point needs expanding. The front-line staff in Wiltshire face initiative after initiative and change after change, and they get almost no notice. For example, they receive payment by results and per procedure, but they do not get told how much it will be until they are into the financial year in which they have to act.

The hon. Gentleman also rightly talked about reacting to financial crises, rather than having a measured, long-term reform process. We are almost six years into a 10-year NHS plan. Had the Government set out a 10-year vision at the start and then steadily reformed in a manner that was announced in advance, so that the trust could respond to the new incentive structures and make measured, long-term plans, we might have got much further. Instead, there is a sudden change in the financial rules and a requirement to sort out decades of deficits and problems in weeks. It is gross mismanagement, and it comes from the top.

That situation is interesting. The hon. Member for North Swindon referred to his local primary care trust being in balance and that being synonymous with being well managed. He complained that the trust was bailing out others in deficit, and that they, by definition, according to him, were not well managed. It is not like that. There are all sorts of reasons why some trusts are in deficit and others are not. I am sure that the quality of management varies, but there is a weak correlation between deficit and poor management.

Almost all trust costs are determined centrally. The GP contract, consultants contract, "Agenda for Change" and the tariff are all set centrally. The trusts are given centrally determined costs, they are then given centrally imposed targets, and when the numbers do not add up, they are told that they do not manage efficiently or effectively.

Dr. Murrison: By that token, is the Liberal Democrat position that the cuts announced by the PCT should be made? That is the logic of the hon. Gentleman's argument.

Steve Webb: The logic of my argument is that more effective financial health service management by the Government would have prevented the deficits arising in the first place. Much financial imbalance and dislocation in the health service is caused by having to deal with sequential and constant reform. It has wasted huge amounts of money, and the responsibility for it lies with central Government.

What do we do about that, and how are the people of Wiltshire going to see improved health services? One thing that they will not do is benefit from fake, sham consultation.

Mr. Wills: Will the hon. Gentleman give way?

Steve Webb: I had better not, because I am running out of time.

The British public have been consulted about health as never before—and ignored as never before. As the right hon. and learned Member for Devizes (Mr. Ancram) said, a consultation that does not even provide the option of keeping the community hospital open, is no consultation at all. Along with other Members present, I am a patron of the Community Hospitals Acting Nationally Together group. It has highlighted effectively the Government's rhetoric that community hospitals are right, and the reality that hospitals are shutting throughout Wiltshire, Gloucestershire and elsewhere. There is a disjunction between what the Government say they believe in and what is happening.

The Secretary of State says "More community facilities and more hospitals", and the Labour party manifesto says "More community hospitals". But in reality, up to all Wiltshire's community hospitals are closing. Will the Minister clarify the connection between the two? The Secretary of State says it, so why is she not making it happen? What is she doing to deliver that promise? The reality for the people of Wiltshire is quite the contrary, and I agree that the consultations are a sham.

My final observation is about national and local decision making. The people of Wiltshire should frame the health services for Wiltshire. There must be national standards and a national context, but, as far as possible, decision making should be local. It should be local and democratically accountable, not, as the hon. Member for Salisbury said, performed by non-executive directors who have been told to keep their heads down, and whom nobody elected and nobody can get rid of. That is where I differ from the Government, who claim to devolve, but keep the power in the centre and set so much of the local framework that there is little local discretion. It is also where I differ from Conservative Members, whom I do not think want elected, democratic accountability in the national health service. Again, when given the opportunity to introduce it, they did not.

If local decisions are taken about the national health service, as they should be, elected, not appointed, people should oversee them. I am not clear whether that is the Conservative party's position, and I hope that their spokesman will clarify it.

3.35 pm

Dr. Andrew Murrison (Westbury) (Con): We have had a lively debate, and it has been good to hear so many right hon. and hon. Friends, mainly, and other hon. Members contribute to the debate. Money lies at the heart of this matter, as with everything, but it is about not simply the total of money spent on the health service in Wiltshire, but how that money has been spent. It is a cause for regret that the hon. Member for Northavon (Steve Webb) spent most of his time laying into the previous Conservative Administration, without offering anything positive—a Liberal Democrat vision, if you like—for health care in Wiltshire. No doubt, it will be noted by those in the county who might be foolish enough to consider supporting the Liberal Democrats.

[Dr. Andrew Murrison]

At the heart of the funding allocation for our county, as elsewhere, lies the resource allocation weighted capitation formula. It is an 87-page document that I do not recommend to anybody. From the formula, it is clear that for a number of reasons, Wiltshire gets a relatively raw deal, chiefly because of its cost drivers, which are not adequately reflected in the formula. My hon. Friend the Member for North Wiltshire (Mr. Gray) read out some of the comparisons in funding that Wiltshire can expect, and what applies elsewhere. It is clear that we lie far down the funding league table. Of course, money matters; it would be foolish to suggest otherwise. However, the issue is also about how that money is spent, and that is chiefly what the Conservative debate has been about this afternoon.

Mr. Wills: Will the hon. Gentleman clarify the basis of his point? He seems to be making several different points all in one. Is he talking about what he considers to be the relative unfairness of Wiltshire's funding, the absolute sums involved, the way in which whatever money is allocated is actually spent, or all of the above? Will he remind the House of the increase in NHS funding that Wiltshire has received since 1997?

Dr. Murrison: The answer is all of the above. Of course it is, and I thought I made that clear. The hon. Gentleman will also remember that the Opposition went into the previous election pledging to match the Government's spending on the national health service—a point that the Liberal Democrats might like to bear in mind.

It is important to remember that the issue is about not simply spending money. That is a lazy way to approach the issue. If we were to approach it in that way, as the Liberal Democrats do, we would not move on at all. The question is about how we spend the money. In Wiltshire, it is not clear whether the money has been and is being spent in a way that will maximise the effect for patients.

We have talked about the primary care trust. My view on the way in which it has contributed to the sorry pass in which we find ourselves are best left outside the Chamber. It would be unfair simply to lay into the primary care trust. Ministers need to own the issue, not least because of their stated commitment in the White Paper, "Our health, our care, our say: a new direction for community services", which appears to be completely at odds with what is happening on the ground.

The Minister must know that the preferred option of the Kennet and North Wiltshire and West Wiltshire primary care trusts is to close all community hospitals, with one particular exception. That is the reality. How on earth does it marry with the intentions laid down in that White Paper, which is just weeks old? It simply will not do. I shared the delight of my right hon. and hon. Friends when I read that document. It is rare for a member of the official Opposition to be delighted in such a way, but I genuinely was when I came to paragraph 6.42, which laid out clearly and categorically—no ifs, no buts, no margin for error—the Government's support for community hospitals.

Such support accords with the views of the vast majority of my constituents. Frankly, I do not need a sham consultation exercise to know what people in my constituency want in respect of local health care. Surely none of us does who keeps an ear to the ground in our constituencies. I am sure that that goes for all Members here this afternoon. We know what people want, they tell us all the time, and it is not just the usual suspects but also those so-called hard-to-reach groups that the Minister says she is so keen to listen to. I presume that it is for those people that she has held hugely expensive consultation exercises across the country. We listen to those groups just as much as we listen to anybody else, and they say that they want the model of health care that is, in fact, supported by that document, yet the primary care trust—the Minister's vicars on earth in Wiltshire—are doing something completely different. Ministers surely must understand that that is not acceptable, yet so far I have not seen any measures by Ministers to curtail what is happening on the ground.

I hope that the Minister, who has listened carefully and attentively to what has been said this afternoon, will go to her officials and ask them, through the strategic health authority, to try to work out exactly what the PCT is doing in Wiltshire and to try to accord it more realistically with her Government's policy in the White Paper. I sincerely ask her to do that, and, if she does, I shall be the first publicly to shower her with laurels in Wiltshire. I am sure that her party would benefit, not that it would do her much good.

Mr. Ancram: Does my hon. Friend agree that, if the Government were to tell the PCTs to do something different, they would have to deal with the areas of underfunding that I discussed? The consultation document sets out the financial position. At present, PCTs are working within such restrained budgets that they have to make many unpleasant decisions that fly in the face of what the Government want them to do.

Dr. Murrison: I entirely agree with my right hon. and learned Friend, and I share his disquiet at the behaviour of some non-executive directors, who I believe should represent the views of local people. Too often, I find that they have been taken into the organisational big tent and will not speak up on behalf of people, and that is a worry. If they have a value at all, it is precisely in articulating the concerns of local people. They may have a view, of course, and they may feel driven by logic in a particular direction. Nevertheless, their function surely is to articulate the concerns of local people. However, often, we find that that is not happening, and that is a great pity. I take his point entirely.

I suppose that I feel for the PCT and its officials, as they are trying to balance the books, and that cannot be easy. It is our function to shout and scream when we see a problem that involves money. I hope that the Minister will listen to my right hon. and learned Friend's comments, particularly in respect of the write-off, which is only fair. It took me, as the MP for Westbury, quite a long time to work out exactly how the deficit had arisen and how on earth had we come to that point. I have no doubt that, without the deficit, the options document would not have been necessary. As hon. Friends have said, it is clear that it was driven not by a desire to improve health care in Wiltshire but by the need to sort out the deficit, which is largely historically driven.

Mr. Wills: The hon. Gentleman did not exactly address the question of the right hon. and learned

Member for Devizes (Mr. Ancram), but I would be grateful if he did so. The right hon. and le. ied Gentleman is making a case that Wiltshire is underfunded. I would be grateful for clarification as to whether Conservative Members are arguing for even greater investment in the national health service overall, so that Wiltshire can get its due share and be able to deal with the financial issues, or whether they are arguing for a reallocation of some of the existing pot to Wiltshire, and, if so, from which part of the country they are seeking that reallocation.

Dr. Murrison: It is clear from the fact that so many health trusts in Wiltshire are in deficit that it is not simply because of bad management. It would be a bizarre statistical quirk were there to be so many trusts in Wiltshire that were in deficit for that reason. Trusts try to benchmark their provision of services against other trusts, so I am driven to conclude that there is a problem with the resource allocation weighted capitation formula. I hope that we can look at that to ensure that the cost drivers in Wiltshire are adequately reflected. Given that it is so low in the league table of spending, I believe that it gets less than its fair share. I would say as a constituency MP but also as a Front-Bench spokesman that the formula does not adequately reflect some of the cost drivers. I hope that that answers the hon. Gentleman's point.

I would like to turn to how we can make the best use of our resources. Shutting down community hospitals simply will not work. If the case mix is right, community hospitals are, in fact, cost effective. I have made that case repeatedly in the Minister's presence, and I rather hoped that Ministers might look into it. The data are available, and it is simply not sufficient to say that money will be saved by closing down community hospitals, as the costs are passed on somewhere else. They are passed on to acute hospital trusts, yet the cost of treating someone in a community hospital is probably one third the cost of treating them in hospitals such as the Royal United, the Salisbury District or the Great Western.

Costs are also passed on to social services, and we are seeing that big time in Wiltshire. My right hon. and hon. Friends have received a letter from Councillor Jane Scott, the leader of Wiltshire county council, in which she makes the point that the PCT, which has a turnaround director in place and the district auditor breathing down its neck, is passing costs on to social services. One may say that that is well and good, that the PCT is putting its books in order, but the truth of the matter is that the cost to the public purse of treating and managing people in need is not being affected one jot. It is simply an accounting exercise in passing costs elsewhere, in many cases to bodies that are more expensive for treating a condition or set of conditions, in the case of the elderly and the long-term sick. Everybody loses: the public purse does not benefit, patients do not benefit and, my word, carers do not benefit at all.

One of the problems with passing costs on to social services—putting people at the door of social services—is that carers bear much of the burden. That burden is uncosted. As far as the state is concerned, it is a free good. We are all guilty, all too often, of ignoring that, but a great deal of what is happening in Wiltshire at present will, unfortunately, result in carers picking up much of the tab.

One or two hon. Members mentioned so-called super-surgeries. They appear quite often in the consultation document to which we have referred. It is interesting that when one gets on the phone to speak to those at the PCT who are responsible for the document and asks them precisely what they mean by super-surgeries or primary care centres, they are not too sure. At the end of the day, what it boils down to is a large general practitioner surgery. We are not clear about precisely what services will be offered on the premises.

I have been accused of being sentimental about bricks and mortar when discussing community hospitals. What is more sentimental—what represents more of a preoccupation with bricks and mortar—than someone saying that they will set up a primary care centre without saying what will be done in the building? The consultation document states that screening services will be carried out, which is very nice, but, scratching a bit further, the precise form of screening is obscure. We understand that there will be GP-run dermatology clinics, but GPs are perfectly capable of running clinics from their existing premises. We understand that optometrist-run assessments will continue locally for patients with cataracts. As it happens, Westbury community hospital, which is scheduled for closure, has an extremely well received cataract service that recently treated Christopher Booker, who talked about his experiences positively in the press recently.

Mr. Wills: Will the hon. Gentleman give way?

Dr. Murrison: I have been rather generous in giving way, but I will do so one last time.

Mr. Wills: The hon. Gentleman has been very generous, and I am grateful to him. I want to help him. If he wants to know what these surgeries can deliver, I invite him—and indeed the Minister—to Taw Hill surgery in my constituency to see exactly what can be done with a forward-looking super-surgery.

Dr. Murrison: I would be delighted to visit, and I thank the hon. Gentleman for the invitation. It is amazing what living in a Labour marginal seat can do for someone, if I may put it that way. I am not aware of any such premises in my part of the world. I would have to ask him precisely how the super-surgery—I assume that that is what it is—to which he refers deals with the core of primary care, which is the care of the chronically sick and the elderly.

Time does not permit me to wax lyrical about primary care, how it should be and what damage the Government are doing to it, but the heart of primary care is having to deal with the long-term sick and the elderly. I am afraid that it is those groups who stand to suffer greatly from the amalgamation of GPs' surgeries into so-called super-surgeries that will reduce choice and make access much worse.

I am afraid that mental health in my constituency is heading south, both literally and metaphorically. We are losing Charterhouse, which has 26 in-patient beds for the elderly mentally infirm. My constituency is losing all four of its community hospitals. We are losing 60 beds at the Royal United hospital. The common thread in all those closures is the effect on the elderly, the

[Dr. Murrison]

mentally infirm and the most vulnerable. In what way is this the best year ever for my constituents, for Wiltshire and for the NHS?

3.52 pm

The Parliamentary Under-Secretary of State for Health (Caroline Flint): I have less than 10 minutes to speak, so I probably will not be able to take interventions, and I might have to write to people on a number of the issues raised. I congratulate the hon. Member for North Wiltshire (Mr. Gray) on securing the debate. Clearly, the Conservative, Labour and Liberal Democrat parties are represented here today by champions for their local communities, and that is right and proper.

If I could make a point about the comment made by the hon. Gentleman on my activity yesterday, it is fair enough for me as Minister with responsibility for public health—that is my main role—to preface my contribution by mentioning something that has not been discussed much today. I want to talk about why it is so important that, at the heart of the discussion on what hospitals provide and what more could be provided in the community, there should be debate about whether we are prepared to challenge the traditional ways in which our health services have been provided.

There has been an emphasis on treatment, which has improved enormously over the past 10 to 20 years in terms of drugs, technology and so forth. The area that has not been given attention is the role that we can all play in public health to prevent long-term conditions that have to do with how people live their lives. More could be done on that. That is a challenge for all of us, because—many hon. Members raised this point—that is about how we can best meet people's needs, get ahead of the curve, and ensure that there are facilities closer to where people live, particularly those in communities that, because of health inequalities, are not accessing services. How can we change their futures? By considering that, we could get better health outcomes, but we also have to challenge the thinking on where finances are directed. We have to think about how we can turn around our thoughts about the health service to prevent and to manage long-term conditions. Importantly, we should also think about shifting some funding from the acute to the primary sector in working on prevention.

Something like just 2 per cent. of NHS spend, which we know is at historically high levels, is currently defined as being on the prevention side. The challenge for all of us is to think outside the box about how those services are provided. I have no problem with what I am doing in promoting public health, because that is at the heart of changing the way that we think about health services.

Performance across Avon, Gloucestershire and Wiltshire has improved. The Secretary of State, backed by the Prime Minister, was trying to put in context the fact that, in a number of areas, certainly when I became a Member of Parliament in 1997, uppermost in people's minds were waiting times, the amount of time that people spent waiting in accident and emergency, cancer and heart disease, and poor service. That was eight, nine or 10 years ago. In all those areas, there has been improvement. In the constituencies of hon. Members present today, there were two patients waiting more than six months for in-patient treatment this February. That is compared with more than 11,000 people waiting more than nine months in March 1997. As of December 2005, there were 12 patients waiting 13 weeks for out-patient treatment with a consultant, compared with nearly 14,000 patients in May 1998.

In December 2005, 99.2 per cent. of people with urgent suspected cancer referrals from GPs were seen by specialists within two weeks of referral. Also in December 2005, 98.8 per cent. of patients were seen, diagnosed and treated within four hours of arrival at accident and emergency. I believe strongly that some of that is to do with extra resources. However, I also pay tribute, as other hon. Members have done, to staff, not only for their hard work, but for their willingness to look at their traditional working practices and think about how they can deal with them differently. That is about not just the acute sector and hospitals, but primary care. For example, we all know that there are significant numbers of people who go through accident and emergency whose needs could be dealt with elsewhere in the community.

Dr. Murrison: Will the Minister give way? I will be quick.

Caroline Flint: I will take just one intervention from the hon. Gentleman.

Dr. Murrison: I entirely agree with the Minister's comments about health care workers, but a very senior member of the cataract team at Westbury community hospital, who has been instrumental in the way that the Minister describes, came to see me recently, and she was distraught at the way in which the service is being shut down.

Caroline Flint: I hear what the hon. Gentleman says, but I cannot respond to that straight away, although I am happy to look into it. I will try to get on with my response to comments made by other hon. Members.

A point was made by the hon. Member for North Wiltshire about the consultation process. I understand that there was lengthy public engagement prior to the consultation. That complied with the requirement to consult the public that is set out in section 11 of the Health and Social Care Act 2001. The oversight and scrutiny committee was consulted, too.

As for what is next, and the options on the table, the OSC can apply for independent review if it believes the consultation process to have been flawed, or it can apply for judicial review. That is also an option for local people. I have had a look at the document, but I am not here to sign up to any particular option. Some hon. Members have left parts of the consultation document out of their contributions. Those parts include considering having new neighbourhood teams to cover all community areas, and providing 24-hour access and new primary care centres.

My hon. Friend the Member for North Swindon (Mr. Wills) made a point about the opportunity to provide services currently provided in hospitals in super-health

centres that include GP practices. I have seen that for myself. I have been to practices where there is not only a GP practice and hospital-based services, but pharmacies and opticians, and they are connected to a network. Therefore, there is a lot in the document that addresses the need for community-based services and the way in which they can be fit for the future. Of course, community hospitals have a role in that. The Secretary of State did say that they had a role, but she said that they had to justify it and say how they would meet future needs and provide a range of services, and that is right.

My hon. Friend the Member for North Swindon talked about progress in his area. I would just like to acknowledge my hon. Friend the Member for South Swindon (Anne Snelgrove), who is here this afternoon. Her local primary care trust's finances are in balance. I am not saying that the problem is always poor management; some poor managers have left, leaving others to pick up the pieces. However, there are questions to be asked about why PCTs in some areas can balance their budgets, consider how they are operating and improve.

There is a distinct lack of understanding about health inequalities and the needs of communities on the part of those on the Conservative Benches. *[Interruption.]* Well, I am afraid that there is. There has been no acknowledgement that there are certain needs that have to be met in terms of health outcomes. I am sure that there are health inequalities in their areas, and I hope that, if services are organised, the needs of those communities can be met.

King Edward VII Hospital

4 pm

Mr. Andrew Tyrie (Chichester) (Con): I am glad to have secured the debate. It is a tragedy that King Edward VII hospital in Midhurst should have been forced to close; it was a unique, independent, non-profit making charitable foundation. Most independent hospitals like it were victims of Nye Bevan's nationalisation programme in the 1940s. This hospital was one of the few that got away. Its structure should have enabled it to have become a template for how a foundation hospital operates today.

It was genuinely independent and provided very high standards of care at a reasonable cost—mostly at tariff rates for NHS patients. Since nationalisation in 1948, at least a third of the hospital's patients were from the NHS, and they were always treated in exactly the same way as private patients. At the time of its closure, nearly two thirds of the hospital's patients were NHS patients. A former Labour Minister described it to me as a template for foundation hospitals, and it is very sad to see it go. The first big loser of the closure has been the NHS itself.

Anyone who knew King Edward VII hospital knows that it was a fantastic place. There was a strong and caring team ethic, which is always present in good institutions and always missing in bad ones. I knew personally a good number of the people who worked there—the second big losers of the closure—and felt keenly for them when they lost their jobs. They were highly skilled and dedicated professionals, and some of them will not easily find alternative work in a local health care economy in which NHS services are contracting as we speak.

The third big losers are my constituents and the thousands of people from miles around who have used, or might have used, the hospital's excellent facilities. I first secured a Westminster Hall debate on the hospital three years ago, when it was initially threatened with closure. Fourteen MPs from the region came to my support, and I am grateful to see a number of them here today. The closure is not a local, but a regional, issue. Be under no illusion: this closure of capacity will not be fully replaced.

My constituents have lost a lot. The hospital provided very high levels of oncology treatment. It provided radiotherapy treatment with an advanced linear accelerator for 250 cancer patients a year; major cardiac surgery for 300 cases a year; interventional cardiology for a further 900 cases a year; orthopaedic surgery for 1,500 cases a year; major bariatric surgery for 150 cases a year; eye surgery for 200 cases a year; and it treated 14,000 outpatient cases a year.

A former Secretary of State for Health, the right hon. Member for Darlington (Mr. Milburn), once said:

> "What you have within the National Health Service is . . . a system that frankly is not so much short of cash now . . . but a . . . system that is short of capacity."

A great chunk of capacity has just been closed. I wish the right hon. Gentleman was still right, because now we have a problem of both cash and capacity.

I should like to make three further points. First, I want briefly to discuss why the hospital closed, although there is not much point in lingering for too long on that,

[Mr. Andrew Tyrie]

given that the milk has been spilt. Secondly, I should like to ask the Minister about the performance of Capio Healthcare UK, the health care provider that withdrew from the deal. Thirdly, I should like to place the hospital's closure in the context of what is going on in the regional health care economy.

Why did the hospital have to close? There were many reasons, and I shall not rehearse them all, especially as many of them were set out in the January 2003 debate that I mentioned. The immediate cause of closure was the decision a few weeks ago of Capio, a large Swedish health care provider, to walk away from a deal in which it had agreed in principle to construct a new hospital on the site.

The argument that terms could not be agreed with the developer, used publicly by Capio's management to explain their decision, has been flatly contradicted by everybody involved with the hospital—the trustees, the senior management, the provisional liquidator and the developer himself. The fact that Capio was not prepared to be frank, and relied instead on a bogus explanation, is important in one respect, of which the Minister should be aware: at the moment, the NHS is doing extensive business with Capio, and its cavalier attitude to frequently made oral and written commitments needs to be borne in mind in future dealings.

That would not be so concerning were it not for widespread allegations that the level of care provided by Capio, under contract to the NHS, may not be adequate. I am not making that allegation; I am not in a position to judge it. However, I strongly advise the Minister to ask the Department to consider the issue and to reassure herself, because Capio has recently been the subject of a number of media investigations.

With that in mind, I have four questions for the Minister. First, what assurances can she give that, given the closure of King Edward VII hospital, Capio will be able fully to perform the spine chain contract with the NHS known as GC4—the Minister will know what I am talking about—to supply the so-called Southampton gap? As she will know, that contract has four years to run and King Edward VII was, until a few weeks ago, doing roughly half the work implied by it.

Secondly, will the Minister undertake a study to provide reassurance that health outcome levels, for those treated as part of the Southampton gap spine chain contract, are at or above the levels for the NHS as a whole? Thirdly, what is the level of repeat surgery for the contracts performed by Capio and for the Southampton gap spine chain contract, and what is the most appropriate general equivalent NHS benchmark? Finally, will the Minister publish the level of repeat surgery, compared with a regional and national benchmark, for that part of the GC4 contract not supplied by King Edward VII hospital?

Those questions are detailed, and I do not expect the Minister to have the answers at her fingertips. She has a difficult job. If she gives me a clear pledge that she will consider my questions carefully, personally assure herself that there is no cause for concern and publish the detailed material for which I have asked, I will be happy. I should be grateful if she came back to me in writing. As she knows, I have already tabled a number of parliamentary questions on related issues. I also think that she should ask the Healthcare Commission to examine Capio's performance.

I want to leave the Minister with plenty of time to respond, and a number of colleagues have mentioned that they would like to say a few words.

Mr. Roger Gale (in the Chair): Order. I am grateful to the hon. Gentleman for mentioning that; it occurred to me that other hon. Members might wish to participate. If they seek to do so during a half-hour Adjournment debate such as this, they must have the permission of the Member who secured the debate and of the Minister.

Mr. Tyrie: Thank you, Mr. Gale. They certainly have my permission.

On the effect of the closure on the regional health care economy, the plain and simple truth is that the standard of care in my constituency and the general area around it will fall and waiting times will rise. I have received a number of letters from doctors and a large number from patients telling me that exactly that is happening right now.

The closure comes at a time of unprecedented stress in the regional health care economy. The NHS is closing capacity at a significant rate while demand is rising sharply. Budgets are being cut sharply to deal with the burgeoning deficit both at my local hospital of St. Richard's in Chichester and throughout the Surrey and Sussex strategic health authority, which has a deficit of £140 million.

Now is not the time to rehearse all the arguments about the absurd accounting that leads to the so-called deficit numbers, to which I just referred; nor is it the time to elaborate on the fact that cash is being drained away from my constituency as a consequence of ludicrous shortcomings in the weighting applied to the capitation formula.

The NHS is currently subject to cuts in services in many ways in my constituency, not only as a consequence of the two points that I just mentioned. As a result of the cuts, hundreds of letters were sent from St. Richard's hospital, even before the closure of the King Edward VII hospital, telling patients that they would have to wait longer for treatment. We are talking about sick, elderly people, who are often in pain, being told to wait.

Tim Loughton (East Worthing and Shoreham) (Con): I pay tribute to the assiduous, long-standing campaign that my hon. Friend has led in his constituency for this jewel in the crown of the local health economy, and to the enormous amount of work he has done on the local health economy. I visited the hospital, which some of my constituents use. Does he think that, at a time when we are losing capacity hand over fist, the loss to the local health economy of such an institution is a tragedy? The majority of its patients since the war have been NHS patients. The work has been done at an economic rate and the hospital is exceedingly popular with local people. The only implication of its closure must be longer waiting times and longer distances to travel to less popular hospitals for all of our constituents.

Mr. Tyrie: My hon. Friend is right. That is exactly what is going on right now. It is an appalling tragedy.

We are not talking about just any hospital, but about one that was part of the local community and was held in enormous esteem in the medical community, way beyond the local or even the regional health care economy, as was shown in the response when it first got into difficulties. That happened when the local health care economy withdrew a number of contracts, some would say deliberately and with the intention of trying to get it to close, because it was the sort of institution that the NHS found did not fit into its plans for the trend towards super-hospitals. We seem to be driving towards them inexorably against the wishes of our constituents in so many areas.

Mr. Andrew Turner (Isle of Wight) (Con): Does my hon. Friend agree that there was a tendency in the early part of the Labour party's Administration to look down on the private sector, but that more recently they have been more favourable towards provision from that sector? It is not only among the medical establishment that the hospital was well regarded, but among users and patients, including those from my constituency.

Mr. Tyrie: That is right. The rhetoric that we have heard from the Government and a succession of Ministers is that we should want to develop exactly this type of institution: one that takes the best from the private sector and enables those skills to be translated into the public sector, with an organic and healthy relationship between the two. I made that point at the beginning of my remarks. That is why a former Minister—I did not ask permission to quote him, so I shall not name him—told me that this is exactly the sort of hospital that should serve as a template for what foundation hospital status means.

I have just described the appalling cuts in capacity that have been taking place in health care in my area. My constituents will put up with a lot, but their credulity is stretched when they turn on the television and hear the Secretary of State for Health saying:

"the NHS has just had its best year ever".

Such statements do not do the NHS, patients or politicians any good.

The closure of the hospital is only one symptom of a burgeoning health care crisis that is developing throughout the region, and dealing with it will not be easy. The Government have spent a huge amount of money without working out how to make it work productively. I warned that that would happen shortly after the Chancellor abandoned "Miss Prudence" and hitched up with Mr. Wanless, in 1999–2000. The Chancellor made a colossal mistake, announcing massive increases in health spending, having scarcely thought through how that the money could be translated into productivity gains. We are now reaping the consequences. A lot of taxpayers' money has been wasted.

The resulting problems are borne most heavily by my constituents and those in constituencies like mine. We must now find a way of making the books balance after huge sums have been spent needlessly. What is required now is the cash that has been, at least partly, wasted.

To his enormous credit, a previous Secretary of State—the right hon. Member for Darlington—listened carefully to the representations made by a number of us on the capacity constraints in the area three years ago. He showed more than just sympathy and understanding. I later reliably found out that he quietly took action. He did something to assuage those capacity constraints. I hope that the Minister can persuade her Secretary of State to follow in his footsteps.

I want to end by itemising in outline what such action will mean. It will mean restoring common sense to NHS accounting by abandoning the absurdity of the so-called RAB—resource accounting and budgeting—which double-counts a deficit, and moving towards the accounting practice that we would find were the institution in the private sector. It will also mean that the early introduction of payment by results has been indefinitely delayed. Why has that happened? It is because Labour knows that for every winner from the introduction of full PBR—the full tariff rate—there will be a loser. Where will the loser be? It will be a hospital or trust that is currently in surplus but is relatively inefficient, and those are often in Labour areas.

The action to which I was referring would entail a fundamental review of the capitation formula, which is a scandal if ever there was one. The formula is now hopelessly inadequate for the task of adjusting for health need across the country. It would also entail a genuine devolution of control to cost centres at the local level in a manner that rewards success and penalises failure. We currently have a system that has rewarded failure and is penalising success.

St. Richard's hospital has been identified by all the relevant independent studies as one of the most efficient hospitals in the country. It also provides very high levels of care. Yet it is in the process of being forced to contract. No other organisation in the world would tell a hospital that had been identified as one of the three best in the country by the Dr. Foster hospital guide immediately to start contracting services. In any ordinary, rational organisation, a successful institution is rewarded for success by being given more work, which St. Richard's is well capable of doing and wants to do.

There is a serious incentive failure and misalignment at the heart of the NHS—a managerial failure that runs straight to the Department. Its basis is not local effort and initiative; it is not failure at the local level. We are talking about a failure centrally, which, above all, must be addressed by the Minister and the Government.

4.19 pm

The Parliamentary Under-Secretary of State for Health (Caroline Flint): I am afraid that I was not informed that other hon. Members wanted to speak. I am unsure whether that would be helpful, as this is a short debate and I have not been able to consider some of the issues arising in their areas. However, I shall try to deal with most of the points made by the hon. Member for Chichester (Mr. Tyrie), whom I congratulate on securing the debate. He raised concerns, particularly to do with Capio, that I hope to write to him about in detail.

I understand that the matter is of great concern to the hon. Gentleman and his constituents. The King Edward VII hospital was established in 1906, and it is much loved in the local community. I will check in *Hansard* what the hon. Gentleman said, but I hope I did not hear him correctly, because he seemed to suggest that Nye

[Caroline Flint]

Bevan, the architect of our national health service, had somehow got the development of it wrong. I think his comment was that the hospital was saved from the thrust of what Nye Bevan was trying to achieve in developing the health service.

Mr. Tyrie: Does the Minister think that the remaining independent hospitals in the country should be closed down?

Caroline Flint: I am not suggesting that. I was just making the point that the hon. Gentleman seemed to take the opportunity to attack the basis on which the Labour party, and particularly Nye Bevan, established the national health service. There is no doubt that in establishing the NHS, Nye Bevan had to deal with a number of competing interests. He had to deal with the existence of a variety of buildings that had been established as different sorts of organisations—as private hospitals, charitable hospitals and so forth—as well as with the way in which health professionals worked at that time. I am sure my party colleagues would agree that he had to make some compromises in doing what we think was the right thing to do—establishing the national health service.

Having said that, I should add that the national health service has long supported the King Edward VII hospital. I understand from colleagues working in health locally that some 30 per cent. of funding for that independent hospital came from the NHS. I think it is fair to say that the NHS supported the hospital in a number of ways in terms of the services it provided.

Prior to 2002, the hospital had encountered serious financial difficulties. Following the breakdown of negotiations with a large American health care provider, Hospital Corporation of America—HCA—the hospital went into provisional liquidation in December 2002. The NHS did not turn its back on the hospital. In January 2003, it announced that it would provide a further £900,000 of taxpayers' money to enable the hospital to remain fully operational while the liquidator negotiated with a prospective purchaser, Lincoln Holdings plc, and its partner, Capio Healthcare UK, on a deal to develop a new hospital facility. However, as the hon. Gentleman knows, Capio and Lincoln Holdings were unable to agree a deal to develop a new facility and, unfortunately, that led to the closure of the King Edward VII hospital, which was announced on 9 March 2006.

The hon. Gentleman asked detailed questions about Capio, and I will look into them and write to him. All I shall say at this stage is that the Department has had no direct involvement in the deal. That was not a matter for the NHS. However, given how things were progressing, we were surprised to hear that it had fallen through. I understand that Capio has been in conversation with the hon. Gentleman, and a letter detailing why the deal has not gone ahead was sent to him by the chief executive of Capio Healthcare UK.

However, I hope the hon. Gentleman will join me in congratulating the local NHS on the way in which it has responded to the difficulties presented by the closure of the hospital. It has demonstrated not only the resilience of the NHS, but its flexibility. In difficult circumstances for both staff and patients, it has shown that it has the ability to co-ordinate a response that ensures, as far as possible, continuity of patient care. For instance, Western Sussex primary care trust has ensured continuity of care for patients needing palliative care, and it has used the situation as an opportunity to address modernising its palliative care service by providing it in patients' homes. I understand that there is an innovative consultant locally, Peter Hargreaves, who is working with both the PCT and Macmillan Cancer Relief to look into how to develop hospice-at-home care.

I also understand that the Royal West Sussex NHS Trust has been able to provide treatment to patients who were previously receiving, or expecting to receive, treatment at the Kind Edward VII hospital. The Surrey and Sussex strategic health authority has worked with the local NHS to co-ordinate arrangements to secure treatment for all patients affected by the unexpected closure of this independent sector provider. Patients transferred from the King Edward VII hospital to other NHS providers are all scheduled to be treated within national standards, and I understand that there have been no problems in identifying NHS capacity to treat patients affected by the closure.

The local NHS has also been able to offer employment to a number of staff to fill critical clinical vacancies, and others have joined the nursing bank. I understand that a number of the doctors at the Kind Edward VII hospital already worked in other parts of the NHS elsewhere in the area, and that has helped. Also, 25 members of staff have joined the Royal West Sussex NHS Trust bank. As well as offering them employment opportunities and keeping their skills in the local community, that has supported the trust's strategy, which is linked to its financial situation, to reduce its spending on agency staff and use its own bank instead. We are taking action to deal with the Royal West Sussex NHS Trust deficit, and a turnaround team is working with the trust.

Patients without appointments are being contacted to advise them where their treatment will take place. The Surrey and Sussex SHA has advised officials that it is confident that all patients will be treated within the national waiting time standards.

Mr. Tyrie: Is it the case that a number of treatments that were being given at the Kind Edward VII hospital at the full tariff rate are now to be conducted at St. Richard's hospital at below tariff?

Caroline Flint: I will look into that and get back to the hon. Gentleman with more detail.

All the independent sector treatment centre patients are expected to be treated at the Capio New Hall hospital facility, and Capio has confirmed that it expects to be able to undertake the full case mix there. As I said, Surrey and Sussex SHA has advised us that the joint human resources team from Western Sussex PCT and the Royal West Sussex NHS Trust is working to help staff find vacancies. I also understand that the consultant and community specialist palliative care team has been transferred to the PCT to ensure that those specialist skills and that service is not lost to NHS patients in the area.

The hon. Gentleman raised some issues on clinical governance. I will deal with some of them now, and write to him on others. Providers are obliged through their Healthcare Commission registration to have clear, workable clinical governance frameworks in place, and they have a contractual responsibility to ensure that those frameworks reflect good clinical practice. Independent sector treatment centres are subject to rigorous contractual obligations called performance indicators, which stipulate the quality and cost of contracted procedures, and performance is monitored throughout the course of the provider's contract.

The hon. Gentleman raised concerns, which I am sure his party colleagues who are present share, about funding in the Surrey and Sussex SHA and the Hampshire and Isle of Wight strategic health authority areas, and the funding stream for the King Edward VII hospital. It must be noted that the SHAs are responsible for delivering overall financial balance for their local health communities. However, the NHS as a whole is in receipt of record resources because of this Government's policy of funding the NHS.

Nick Herbert (Arundel and South Downs) (Con): Does the Minister recognise that a disproportionate number of the deficits around the country are in West Sussex? The hospital served my constituents as well, and was much loved by them. Public confidence in the NHS locally has been seriously undermined by what is happening. Does the Minister accept that when the SHA consults on its plans to deal with those deficits, it is essential that the public are fully involved in that consultation and understand what is really being proposed for local NHS services, where the deficits are so serious?

Caroline Flint: There is a very good question to ask about why in some parts of the country people are experiencing deficits despite record investment, and others are not.

Finally, I have been provided with information that will be helpful. The Royal West Sussex NHS Trust will be paid the full tariff for the extra work it has offered to undertake resulting from the closure of the King Edward VII hospital. That is a good example of how the NHS, even when dealing with an independent hospital, is doing the business.

East Leeds (Regeneration)

4.30 pm

Mr. George Mudie (Leeds, East) (Lab): May I express my gratitude for the opportunity to raise this important matter, and my pleasure that you are in the Chair, Mr. Gale? The last time that I appeared before you was when you chaired the Committee on the infamous Higher Education Bill, when we debated tuition fees. I am grateful for your kindness then.

I start by paying tribute to my colleagues on Leeds city council. Over the years, I and others have had long discussions and arguments about how to tackle inner-city problems such as poverty, deprivation, bad housing, indifferent education, high levels of crime and vandalism, and consistently unacceptable unemployment levels. It has been argued that such problems cannot be solved, as attempts to do so have been made for decades. I was a councillor for 20 years and was involved in inner-city programmes and the like that were aimed at ending poverty. They never had that effect, but ended up simply doing things on the margin.

Leeds city council has accepted the argument that those individual programmes should be superseded by a major regeneration scheme with the objective of ending the two-speed economy and two-speed standard of living in Leeds, where there is high unemployment in the inner city and prosperity in the rest of the city. In a previous Adjournment debate, I talked about many of the sad facts of life in my constituency. Suffice it to say that three of my four wards are on the Department's list of the most deprived wards in the country, so it is accepted that there is a real problem in the inner city and my constituency.

I pay tribute to Councillor Keith Wakefield, who was the leader of the Labour group and who ran the council at the time. He started the process of procuring a private sector partner. I was worried when he lost control of the council and the Conservatives took over, but was later delighted and relieved to find that the local Conservative leader Andrew Carter and his colleague Councillor Les Carter, who handles neighbourhoods and housing, approached the matter with real sympathy and enthusiasm. However, the problem continues.

Regeneration takes two major forms, the first of which—I am sure that the Minister will know this from what is happening in east London—is gentrification. It is like the Scottish land clearances in past centuries. Local people are taken off the land, various bits are assembled, and work takes place with a developer to use it more profitably, regardless of the social effect on the people. That is property regeneration. It has its place because sometimes it is done a little more sensitively than I have suggested.

The other kind of regeneration is when we accept it in its fullest sense, as the physical regeneration of an area, as well as the regeneration of people. It is about making changes and ensuring that the objective is that local people share in the prosperity thrown up by development and business.

I have raised the subject because we are at an early stage in the regeneration process. Final discussions are going on with the private contractor, but I fear—for reasons that are not dogmatic, but understandable and

[Mr. George Mudie]

straightforward—that the property-only type of regeneration might be winning over the property-and-people type of regeneration. The private partnership will throw up a considerable amount of money—I am not approaching the Minister with a begging bowl, as usually happens in debates on regeneration and inner cities—and it is estimated that the city council will get in the region of £120 million as its share of the profits from the regeneration. That is a pessimistic assessment because that money on its own would not be sufficient to fulfil the objectives, which are accepted by most people in Leeds. In fact, it would be a great temptation, because £120 million would allow the council to refurbish instead of change. It could be used on various parts of the social infrastructure—perhaps a new school, a library or community centre. We have had such temptations over the past 20 or 30 years, but refurbishing merely blunts poverty; it does not end it.

The argument that I hope the Minister will take to the Department is that a real partnership could be established between the Department and the Government, the other social partners and the local authority. If all the money was pooled with the local authority's current spending and the profits, and then spent differently, there would be every chance that people's ambitions would be met and that we would see an end to poverty and deprivation.

We could change people's lives. As it is, a few hundred houses in one ward were recently demolished. The tenants were given the choice of other council or social housing. If a scheme had been in place that had Government backing, the real alternative when knocking down those houses would have been to get a developer to build houses for sale and then give people the choice of continuing in a council house or going into home ownership for the first time. However, they were not given the choice.

As the scheme rolls on, I fear that that is what will increasingly happen. We will see clearances and new houses built, but they will be priced out of the reach of local people. As a result, they will continue to live in social housing—pressure will continue to be placed on social housing—instead of having their entire lives changed.

That might seem to be an exaggeration, but I shall explain two of the problems. The first is housing. The other day, Councillor Les Carter, who is in charge of housing, expressed the worry that even if he accepted my argument, he could not deal with the back-to-back properties that are to be found in great numbers in inner-city Leeds. Those were built not during the previous century, but in the century before, and were meant for working people who served in clothing factories and the like. Sadly, they are still being used to raise families. They have been refurbished time and again, but they should have disappeared. Trendy architects like to put great exteriors on them, but they have no gardens and are on crowded and dangerous streets. They are certainly not the place to bring up a family in the 21st century.

How do we deal with that problem? Should we demolish them? How do we move people, and how do we give them a choice of properties? The large council estates in Leeds were built in the 1920s. They were very welcome then, because they replaced slum homes in the city centre. The estates were seen as a great improvement—and they were—but they are now 70 years old. Knowing the aspirations of today's young people, it is not where they see their future. For them, it is not progress, but we have so much of that type of housing. With so much social housing, my constituency is unbalanced in terms of housing tenure. That is very good electorally, of course, but it is not so good for the individuals concerned. When that feeds through to schools, police time and social services, we have a troubled area, with all the services competing for resources, and education is a particular concern.

My point is the way in which we approach the problem. The Office of the Deputy Prime Minister is exceedingly generous with money when we want to refurbish council houses. That is an expensive job, as they have been up for more than 60 years. But if we want to use some of the money to persuade people to have an equity share in their own house—it may be half of what the Minister is planning to spend on refurbishing council houses—we are told that the money is in a box for decent homes and is not available for another use.

I hope that the Minister can understand the argument. I would love to see the Department sit down with Leeds city council, pool the money and ask whether its objective is to keep all the social housing in my patch or to give people the opportunity to move out. People are sitting on equity in their council homes, even if they have not purchased them. The scheme that we have worked on to allow them to take that equity and make a private house affordable seems a wonderful way forward. However, it needs the help of the Department and for it to be flexible about how the money is spent. That seems almost impossible. However, I want discussions on that to start.

The Government can build all the houses we need and want on the land that is cleared. They can say that they are available to everybody in East Leeds, but pricewise they will not be. I have dealt with one aspect of prices, but it is no use a couple going into a house unless they are working and have the income to keep it. That just leads to tears. The cycles of deprivation that have gone on for 30 or 40 years mean that there are still constantly high levels of unemployment in my constituency. The Government are needed. There is no sign of their involvement in the council's scheme, and I am not criticising the council for that. The council needs the Government as a partner.

We need a targeted system to help people to get skills and jobs so that they can take up the opportunities, which will be available. It will be bad for morale and will make some people angry if they see people moving into the new houses when they cannot. If we are about property and people, we should want to bring the colleges, the learning and skills council, Yorkshire Forward and each of the social partners together to devise programmes that get people appropriate skills and help them to find jobs in the booming economy. If we cannot do so in Leeds, I am not sure that we can do it anywhere, but if we do not do so in Leeds, that will bring questions to the Minister and me.

There is a need for partnership and proper involvement, and there is a desperate need for co-ordination. Other Departments are involved: the Department of Health, the Department for Work and Pensions, the Department of

Trade and Industry and the Department for Education and Skills. The Government need to participate as an active partner. The co-ordinating Department must have the confidence and the ability to liaise with other Departments. One Department will not solve the problem; we need many Departments to do it.

We need partnership and co-ordination, but above all we need money. I am talking not about fresh money, but about the money we already have. That money should be freely given to be pooled, by agreement, for all the social partners and the residents to go into the areas that best trigger the move towards our objectives.

Sometimes Departments come to the table and say, "We are all in favour of participating and we'll put our money in, but we'll decide what it is spent on. As long as it is spent on something that relates to our budget and our Department, we're happy." A real partnership, real joined-up thinking and working to meet objectives mean putting the money on the table, seeing what the budget is and seeing which areas, if the money is spent on them, will move us towards the objectives sooner. That would be a proper partnership and a real move towards meeting the objectives.

Some political input is desperately needed. There are problems. Leeds city council has to be convinced that the Government are willing to have a partnership, to share an ambition and even to raise ambitions for the council. That requires some political involvement. It would be useful to involve the three MPs whose constituencies are in the regeneration area—my hon. Friend the Member for Elmet (Colin Burgon), my right hon. Friend the Member for Leeds, Central (Hilary Benn) and myself. We should be involved and consulted. Will the Minister request a meeting with my hon. Friend the Minister for Housing and Planning so that we can agree objectives and start a dialogue that gets us moving towards the objectives?

For 30 years, I have seen council money and Government money spent on inner-city poverty. Despite all the national statistics, my area remains desolate. Spending money on individual initiatives, individual schemes, community centres—this, that and the other—merely dulls poverty; it does not abolish it. If we are putting money in, I hope that the Minister and the Department have the same ambition and vision as I do. We have been putting the money in for 30 years. As Hillary Clinton says, people are mad if they continue to put money in, do the same thing and expect different results. After 30 years, we are continuing to put money in the same areas, apparently for the same objectives, and we are surprised that nothing has happened. We have to do things differently.

I hope that, in the brief time available, I have given some ideas on how to do things differently, and I would welcome some enthusiasm from the Department for a partnership to end inner-city poverty in Leeds.

4.48 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Jim Fitzpatrick): I congratulate my hon. Friend the Member for Leeds, East (Mr. Mudie) on initiating the debate. I shall return at the end of my contribution to his three principal points, which were about flexibility, joined-up partnership arrangements and a meeting with my hon. Friend the Minister for Housing and Planning. At that point, I shall outline what we have been trying to do, the partnerships that exist and what they are trying to do.

The Government recognise the description given by my hon. Friend the Member for Leeds, East: the area includes a number of communities that continue to face problems of deep-rooted deprivation and disadvantage, despite significant neighbourhood renewal investment over a number of years. I note that he paid tribute to the past Labour leader of the council and to the present Conservative Councillors Carter and Carter—that sounds like the title of a Michael Caine movie. I am sure that they appreciate his expertise and support in trying to achieve their shared objectives.

The Government are determined to help to tackle the problems of our most disadvantaged communities. In 2005, we announced a further £1.3 billion package of assistance to help local authorities and their partners to narrow the performance gap between those areas and the rest of England by addressing the six neighbourhood renewal themes of crime and antisocial behaviour, education, housing, liveability, health inequalities and worklessness. Those are the exact issues that my hon. Friend said plague parts of his constituency.

The funding package comprises a £1.05 billion neighbourhood renewal fund, spread over two years, and a £265 million safer and stronger communities fund. From the national funding package for England, Leeds city council district will receive £27 million neighbourhood renewal funding in 2006–07 and nearly £15 million in 2007–08; £4,798,800 neighbourhood element funding between 2006 and 2010 to support the development of neighbourhood management in areas that contain some of the highest levels of deprivation; £2.1 million cleaner, safer, greener communities funding to deliver physical improvements to local public spaces; and £319,000 for community empowerment network funding for 2006–07 to support the strategic role of the voluntary community sector as a key partner in the local strategic partnership. A significant proportion of the funding will be applied by the local strategic partnership, Leeds Initiative, to support regeneration in the East Leeds area, and it should prove valuable in levering in other resources to the area, including European funding.

I am aware that considerable investment is planned for the development of an East Leeds link road to provide a strategic 4.5 km dual carriageway link, incorporating a high occupancy vehicle and heavy goods vehicle lane, between the Leeds inner ring road and the M1. That new road will create direct access from the M1 to the Aire valley employment area—a 400 hectare regeneration site of potential development land to the south-east of Leeds, which is already home to 400 businesses and 15,000 jobs. The construction of the East Leeds link road will enable a further 180 hectares of land to be developed creating up to 29,000 jobs

My hon. Friend will be aware that the Government's "Homes For All" five-year strategy set out the potential of mixed communities to transform persistently deprived areas of the UK. Quality and well designed housing, offering a mix of housing types and tenures attractive to a wider range of households, is critical to developing the long-term sustainability of communities. I note in particular my hon. Friend's comments about some of the oldest properties not being suitable for

[Jim Fitzpatrick]

refurbishment, and the Deputy Prime Minister is regularly criticised by some who have not examined the pathfinder policy, for example. The only way forward is to demolish certain properties, but that is not at the expense of refurbishing appropriate ones. The Department has adopted a flexible approach.

As my hon. Friend knows, East Leeds is currently characterised by a predominance of social housing, as he described, which is mainly composed of council stock. The area is seen as unattractive to new households, despite relatively low house prices in the private sector compared with other areas of Leeds. Leeds city council established the east and south-east Leeds regeneration scheme to deliver a better housing mix. That initiative involves a ground-breaking public-private sector partnership aiming to transform East Leeds over the next 15 to 20 years, without additional public sector resources.

The council's use of its land assets will generate more than £1 billion of private sector leverage, delivering around 5,000 new homes. If successful, Leeds city council will consider rolling out their mixed communities initiative to other parts of the city. EASEL will create mixed-tenure neighbourhoods that are attractive to a wider range of households and ensure that proposals for each site are tailored to their market characteristics so that the long-term prospects of the area will be realised through market-led renewal. It will also include improvements to the design, fabric and management of the neighbourhood environment; promote the use of sensitive local lettings policies, which enable social landlords to create a better mix in communities, helping to address intense concentrations of deprivation; promote effective housing and neighbourhood management approaches to tackle deprivation; and link changes with action to reduce worklessness, poor educational performance and skills, crime and poor health.

The Office of the Deputy Prime Minister has designated three areas as demonstration projects to test and share best practice in delivering the mixed communities policy. In Leeds, phase 1 of the EASEL initiative—for the Gipton area—has been designated as one of these demonstration projects, and work on clearing sites in Gipton for new homes is almost complete. The support of the people of Leeds, specifically the tenants and residents of East Leeds, is critical to the success of EASEL, something that my hon. Friend emphasised in his excellent contribution.

Leeds Initiative, Leeds city council and the East Leeds District Partnership are delivering ongoing consultation on the future of East Leeds, for example through the East Leeds District Partnership strategy and through the area action plan for East Leeds as part of the local development framework. That consultation has to date revealed broad support for the EASEL initiative, including phase 1 in Gipton. The LDF consultation is specifically seeking the views of East Leeds residents on options for the future of the area. The East Leeds District Partnership and Leeds East Homes arm's length management organisation have strong tenant and resident involvement at board level.

The area's retention of its existing communities is vital to the success of EASEL. Again, that point was central to my hon. Friend's contribution. Those communities have formed the fabric and history of the area over generations. Work to establish the future housing needs and aspirations of the community is under way. For example, consultation in Gipton identified high levels of ownership aspiration among council tenants. Housing market research for Gipton and Seacroft is also planned, as is a wider housing market assessment of the East Leeds area. That work will inform future plans and strategies, so that future housing mix policies deliver the long-term aspirations of existing communities in East Leeds.

In terms of the more immediate needs of tenants and residents in clearance areas, Leeds East Homes ALMO has put in place a dedicated support team that is visiting tenants and residents to support them in choosing their immediate housing options. A range of options for tenants and residents is now in place to enable them to remain in the area.

A recent review of Leeds city council's allocations policy has strengthened support for council tenants in clearance areas. Under the Leeds choice-based letting scheme, they are now placed in the highest priority banding, giving them equal preference to others in greatest housing need. Direct lettings policies are in place, and ALMOs will also have the option of ring-fencing some properties for clearance households. Work with registered social landlords has also resulted in some tenants taking up opportunities to move to RSL rented accommodation.

The ability of existing communities to remain in the area is of course dependent on affordable housing provision—rented and for sale—and appropriate packages to ensure that those wishing to purchase a home can do so. Local planning policies require that 15 per cent. of new housing in the EASEL area is affordable. That policy will be reviewed on an ongoing basis.

In EASEL terms, there is an early example of that policy in the phase 1 Gipton area. Leeds city council has agreed a local home-buy low-cost home ownership scheme in Gipton, so that residents who have had their homes cleared and cannot afford to buy one of the new homes in the area can purchase up to 50 per cent. of a new property, with the council owning the remaining percentage under shared equity. The scheme is funded from land sale receipts, and it guarantees affordable housing for future generations. That kind of policy will be built on to deliver affordable housing as future phases of EASEL are delivered.

I am pleased that Leeds city council is working closely with the ODPM and key regional partners such as Yorkshire Forward and English Partnerships to bring together housing and renewal strategies that make a lasting impact on the communities of East Leeds. My hon. Friend requested a meeting with my hon. Friend the Minister for Housing and Planning to discuss those matters and flexibility. As a result of previous discussions with him, I have spoken to my hon. Friend and she is more than happy to facilitate the meeting as requested.

Local area agreements are very much about what my hon. Friend the Member for Leeds, East describes as important in a partnership: co-ordination, and real partnership between Departments, those involved regionally, the local authority, and local tenants and residents, to ensure that we have the flexibility and prioritisation that local areas need.

I acknowledge the strong lead that my hon. Friend takes in promoting community regeneration. I applaud his determination to continue to improve the East Leeds area for all people who live and work there.

Question put and agreed to.

Adjourned accordingly at one minute to Five o'clock.

Westminster Hall

Thursday 27 April 2006

[MR. EDWARD O'HARA *in the Chair*]

Honours System (Reform)

[Relevant documents: A Matter of Honour: Reforming the Honours System—Fifth Report from the Public Administration Committee, Session 2003–04, HC 212 and the Government's response thereto, Cm 6479.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Watts.]*

2.30 pm

Dr. Tony Wright (Cannock Chase) (Lab): It is a great pleasure to be able to introduce to the House a report of the Public Administration Committee on the honours system. It is always customary to say that reports are timely, but in this case the report is particularly so. However, in a sense it would always have been timely. I shall quote from a report:

"There is no doubt that there have been for some time, and recently in increasing numbers, persons who, for want of a better name, we may stigmatise as touts, who have been going about asserting that they were in a position to secure honours in return for specified payments".

That is from the report of the royal commission on honours in 1922.

Honours matter. They are important. I shall quote only once from our report, at the beginning of which we stated:

"We take the honours system seriously, as a way in which the state seeks to recognise service and achievement that it values. This is an important function, which is why it deserves proper attention."

We continued:

"In particular, we consider that honours are not mere decorations; they are important symbols of what is valued in national life."

Last week I visited a youth club in my constituency in an area called Hednesford, which is an old mining area. Just behind the Florence street Methodist church is a building that is no more than a wooden shack, in which a 70-year-old ex-miner twice a week runs an over-subscribed youth club. He is also, by the way, the caretaker at the local school, where he acts as a general counsellor to the students. It would never occur to that man that he might be thought of for any kind of honour. It is work that he does because he thinks he should, because his God has asked him to and his civic consciousness drives him to it. I cite that example only because I came away from there thinking that if ever a man needed an honour, it was that man. That is why the honours system matters. It is a way for us to say, "This is the kind of activity that our society values." That is what the honours system should do.

If we cause that system to be contaminated by things that should not contaminate it, we of course devalue the system across the board for people, including the man I have described, who deserve honour. That is what happens. A confusion has always existed between honour as something that we should like to value as a society and honour as a lubricant of patronage—usually patronage associated with money. Those two ingredients have always characterised the honours system and caused difficulties.

As the first of my quotations suggests, there is nothing new about that. In case any hon. Member is minded this afternoon to try to make political points by describing the problem as a phenomenon of a particular period or Government, the merest glance at history is enough to sweep such attempts away. Our old friend Maundy Gregory, the only man to be convicted under the Honours (Prevention of Abuses) Act 1925, was only one of the touts who engaged in the trade in the first part of that century.

It was said that Maundy Gregory would sell a viscountcy for £80,000 to £120,000 and a barony for £30,000 to £50,000, and that a baronetcy would cost from £25,000 and a knighthood £10,000 to £15.000. Lloyd George is estimated to have amassed more than £1.5 million in his private bank account from the sale of honours—that is about £150 million at today's prices. Between 1916 and 1922, 120 hereditary peerages were created, and more than 1,500 knighthoods were awarded.

It has been suggested that Gregory was paid £30,000 a year for his role as an honours broker. He continued to sell honours after Lloyd George's resignation in 1922 and after the 1925 Act was passed, splitting his spoils with a corrupt Conservative official, Sir Leigh Maclachlan, and Sir Ronald Waterhouse, Stanley Baldwin's private secretary, through whom he was able to get names on the honours list. He was caught after approaching Edward Billyard-Leake, a retired naval lieutenant-commander, and offering him a price of £10,000 for a knighthood.

Billyard-Leake reported Gregory to the police and he was charged under the Act. He was fined £50 and jailed for six months—of which he served two—in 1933. After serving his brief sentence in Wormwood Scrubs he was collected by car from Conservative central office before he could be rearrested on a murder charge, and was whisked off to a life of exile in France on an alleged £30,000 payment authorised by Baldwin; he died there in a prison camp during the Nazi occupation.

I put that on the record only so that we may remember where we have come from; and so that, when some people suggest that there has been a great falling-off in standards in public life, we can compare standards in public life at the beginning of the 21st century with what was taking place at the beginning of the 20th century.

Hywel Williams (Caernarfon) (PC): One of my predecessors as Member for Caernarfon, Lloyd George, took, in the 1920s, a very straightforward view of the sale of honours as a way of raising money for his political enterprises. Does not the contrast with today lie in the amount of pious claptrap about the exchange of honours possibly for political support? Is it not that hypocrisy and claptrap that brings the system into disrepute in the country?

Dr. Wright: I suspect that there was always hypocrisy and claptrap, but if the hon. Gentleman asks whether I think that things were more dishonest at the beginning of the 20th century than they are at the beginning of the

[Dr. Wright]

21st, I am in no doubt that they were massively more dishonest then. To bring the story a little more up to date, just for historical accuracy, when the Home Affairs Committee tried in the 1990s to produce a report on party funding, it broke down on party lines. The Conservative majority of the day refused to assent to a proposition that party funding needed to be investigated and reformed.

Stephen Pound (Ealing, North) (Lab): Before my hon. Friend leaves that point—I give him credit for the extraordinarily deep historical research that he has undertaken—I want to refer to the large number of hereditary peerages and baronetcies that he mentioned. Is my hon. Friend aware of whether any of the original purchasers of those honours are still sitting in the House of Lords? If so, should not their names be more widely known?

Dr. Wright: That is a fascinating suggestion. I am surprised that members of the press, who are so assiduous on so many fronts, have not been assiduous in tracing the lines of descent from some of those characters who were given hereditary peerages all those years ago. It would be nice to see from where their claim to legislative authority derives.

Mr. Gordon Prentice (Pendle) (Lab): Mark Thatcher was of course given a hereditary baronetcy by the former Conservative Prime Minister—

Mr. Edward O'Hara (in the Chair): Order. I do not think that there is any suggestion that Mark Thatcher's line of descent is anything to do with the argument.

Mr. Oliver Heald (North-East Hertfordshire) (Con): On a point of order, Mr. O'Hara. Surely, the title was given to Denis Thatcher, not Mark Thatcher.

Dr. Wright: Indeed it was. When the Committee took evidence from John Major, it was interesting to see the embarrassment that the insistence on awarding that baronetcy had caused him. There is a lot of murky history behind this issue.

I was referring to the Home Affairs Committee's failure to produce an agreed report into party funding in the 1990s. The minority report noted that

"between the election of Mrs. Thatcher in 1979 and the 1993 New Years Honours, 18 life peerages and 82 knighthoods have been given to industrialists connected with 76 companies which have between them over the same period donated £17.4 million to the Conservative Party and its front organisations".

I well remember how we used to campaign on those matters. We used to have the list of Conservative donors on one side of the table and the list of peerages on the other. For the sake of historical accuracy, therefore, we must accept that the issue has been endemic in our political system for a long time and that we have resolutely failed to address it.

When we talk about honours, we must clear some considerations away.

Mr. Andrew Turner (Isle of Wight) (Con): I am surprised that the hon. Gentleman was able to go back only 100 years. Is he aware that the abolition of the Irish Parliament in 1801 was lubricated by a substantial number of United Kingdom peerages, which entitled Irish peers and some Members of the Dublin Parliament to sit in the House of Lords in the imperial Parliament?

Dr. Wright: I am grateful for that reminder. The danger of citing historical instances in which honours have acted as lubricants of the system is that we can offer endless examples to make the point.

There is something inherently and necessarily subjective about the award of honours. It is not a science, but an art, and although we should make it as sophisticated an art as we can, it remains inherently subjective. We do not know the motivations of people who do good works; we do not know whether they do them because they are good people or because they would like to get an honour and have worked out that their chances of doing so will be increased by doing good works. In a sense, it does not matter, and it is up to the honours system to make the subjective judgments that make the outcome seem reasonable.

It is sometimes said that people should not receive honours just for doing their job and that they should do something more to receive one. That might seem like a decent principle, but it, too, leads to complications. We might all want to honour someone whose job it is to find a cure for cancer even though they are just doing their job. Someone who scores the winning goal for England in the forthcoming World cup might just be doing their job, but they might be thought to deserve an honour.

Mr. Peter Bone (Wellingborough) (Con): Does the hon. Gentleman agree that some civil servants might get an honour automatically? Is that acceptable?

Dr. Wright: Indeed it is not. A reader of our report will see that we deal quite vigorously with that issue and seek to strip out honours that have been reserved for civil servants. We say quite directly that civil servants should take their place with everybody else in the honours system and that there should not be a separate category.

Mr. Michael Wills (North Swindon) (Lab): I have been listening to hon. Members' exchanges and I wonder whether my hon. Friend agrees that the crucial point about honours is that they should be a reward for services to the nation, not dispensed by the state for services to it? Those two things are not synonymous.

Dr. Wright: Indeed they are not, and a well-honed honours system will take that on board when honours are awarded—as I said, such a system is inherently subjective, and awarding honours is an art, not a science. Sometimes, the two things that my hon. Friend mentioned coincide, but they will not necessarily do so. As I was going to say, a clever state might seek actively to use an honours system to cultivate the behaviours that it would like displayed, and it is perfectly proper for it to do so—that is a potent instrument. As I said, we do not know why people do things, and it is not improper for a state actively and imaginatively to deploy an honours system to reward the behaviours that the community wants.

Joan Walley (Stoke-on-Trent, North) (Lab): Does my hon. Friend agree that we owe some people a

posthumous debt of honour for services of distinction to the nation? In our review of the honours system, we have an opportunity to ascertain whether a case can be made for someone of the ilk of R. J. Mitchell, who made such a contribution to the nation. We have an opportunity to take on board his son's concern that the nation still needs to award him an adequate honour for his innovation in engineering design and his invention of the Spitfire.

Dr. Wright: He was a Staffordshire man, and I am inherently well disposed towards awards for Staffordshire men and women, living or dead. My hon. Friend talks of a reformed honours system, but we do not have such a system. If we did, however, I think that we would find a way to consider such issues.

I have talked about some of the difficulties involved in sorting our the criteria, and Sir David King, the Government's chief scientific adviser, told us that the test was whether an honour added lustre to the award. That is probably the best test that we will get. Will giving someone an honour add lustre to the award and the honour itself? Many honours will pass that test, but some will not. When Harold Wilson was Prime Minister, he used to say that he did not like dull honours lists and that he liked to sprinkle a little stardust across them. However, a bit too much stardust has been sprinkled across honours lists, and there has been too much desire to ensure that there is a bit of celebrity recognition. The more we go down that route, the less lustre we add to the award—indeed, the more lustre we will remove. That is the nearest that I can get to a seriously objective test.

Mr. Mark Hendrick (Preston) (Lab/Co-op): Does my hon. Friend think that the refusal to accept an award adds lustre to the intended recipient?

Dr. Wright: There is an issue about whether someone makes their refusal public. I am not sure that there is anything terribly dignified about a public statement, although there is a certain dignity both in having an award and in refusing one. That is one of the considerations that informed our report, and I shall briefly say something about that.

Mr. Russell Brown (Dumfries and Galloway) (Lab): About 2 per cent. of awards are refused, but refusals by high-profile individuals grab the limelight. Some people in public life who are doing a good job sometimes refuse an award, but they are never mentioned—only those who sprinkle stardust and starlight on the system get any notice.

Dr. Wright: One reason why the issue has surfaced in recent times is that people feel uncomfortable with the word "empire". Indeed, the report gives some fairly telling quotations in that respect, and a number of people told us, "I come from a colonial background and have spent all my life struggling against colonialism." They are then expected to go around as a Commander of the Order of the British Empire. That is not a tenable position. When significant sections of the population feel that they cannot take on board the nomenclature of awards, that invites us to think seriously about whether we need to revisit the subject.

David Taylor (North-West Leicestershire) (Lab/Co-op): As the now Sir Tom Jones might say, it is not unusual to find people who would add lustre to awards in the way that my hon. Friend suggests in every community, county and region of the country. The problem in achieving fairness and diversity is shown by the fact that 3,000 awards are made a year and there are 1 million people in Leicestershire and Rutland. One sixtieth of 3,000 equals 50 awards a year. Do that many awards go to the people of Leicestershire and Rutland, or indeed to any other group of 1 million? No, of course not. There is a distinct metropolitan skew to the system, is there not?

Dr. Wright: Indeed there is. As I am sure my hon. Friend has seen, the report includes a statistical appendix that gives some figures on the distribution of awards, not only by region but by other characteristics. One of the reasons for wanting a seriously reformed honours system is that those are exactly the considerations on which we would expect the honours system to report on a regular basis. We should be told how well those who run the system are doing to ensure that honours are distributed fairly across the population, including on geographical grounds.

Mr. Wills: My hon. Friend is extremely generous to give way so often. Does he agree that the metropolitan bias referred to by my hon. Friend the Member for North-West Leicestershire (David Taylor) reflects a deeper problem with the honours system, which is that it disproportionately rewards status rather than service?

Dr. Wright: Indeed it does. That is one of the fundamental issues. The clearest evidence is that the more senior somebody is, the grander the award that they will get. Although we have made some efforts in recent years to sprinkle some honours among head teachers and so on, that is still fundamentally the case. It is unsatisfactory because it reproduces a system of existing awards, rather than challenging that in the name of a different kind of honour, which would be given to people for work in the community, in particular. That has been increasingly understood.

I have had an interesting correspondence recently with a lord lieutenant, of all people. Lords lieutenant are seen as one of the routes into the honours system. He expressed his dissatisfaction with present arrangements, partly on the grounds referred to by my hon. Friend the Member for North-West Leicestershire. There is widespread feeling that the time has come to revisit those aspects of the system. That was the point—I have finally arrived—of our report.

Reviewing the evidence, we took the view that it was time for a seriously radical reform of the system. That is why we made a number of recommendations. We have recommended that, in essence, we should take the honours system away from politicians and that we should have an independent honours commission. Ideally, that would be done as it was in Australia, with a great public debate about the honours system that we would like, exploring the issues that have been raised, and asking what we, as a society, want to honour and how we would like to do that. We could then convert that into an independent commission to do the work on behalf of society.

Mr. Prentice: Is it not the case that our society is still, in the 21st century, hierarchical? The honours system

[Mr. Prentice]

underpins that. Even today it would be inconceivable for a school teacher to be made a dame, or a police inspector to be given a knighthood.

Dr. Wright: As my hon. Friend will remember, we took the view that it was probably time to move away from what we call name-changing titles: knights, dames and the rest of them. In case anyone thinks that that is an outrageous suggestion, it almost happened in 1916, when an official committee considered all that and started to ask what a democratic honours system would look like and whether it would include name-changing titles. It would not, but that was not the view that won through.

Mr. Heald: Is not all this just denying our history? We have well-respected honours that people like, so why go into such a fever of anxiety and concern as though we were a new country trying to have a new system? We are not.

Dr. Wright: That is an interesting observation from the hon. Gentleman. If we consider the history of the honours system, as the report pointed out—

Mr. Heald: It is part of our history.

Dr. Wright: I am sure that the hon. Gentleman has read the report. We deal with the point that the system is part of our history. It is a story of endless reinvention. We endlessly reinvent things and then claim that they are an integral part of our long, ancient history. In fact, the honours system has had two major periods of reinvention, the latter of which was in the first part of the 20th century and issued, crucially, the Order of the British Empire. That was an act of democratic reinvention at the end of the first world war, so there is no reason that we could not reinvent again a century on, as we have in the past.

Mr. Heald: The hon. Gentleman is right that new honours have been added to the overall package over the years, and he has just mentioned one of them. Is not the idea of scrapping all of them and having an order of British excellence, which was the suggestion of the Committee, just politically correct clap-trap?

Dr. Wright: There is only one thing worse than deliberate political correctness, and that is deliberate political incorrectness. There is no reason why we should not think freshly and radically about such matters without being accused of political correctness. Indeed, we were given evidence, which we took strongly on board, by John Major, who was a great advocate of what he wanted to call—as we called it in the report—the order of British excellence. He thought that that was exactly the right kind of organic evolutionary change, retaining the letters but adapting the award into a form that everybody would feel comfortable accepting.

We built on the suggestion, culled the number of awards down to four, and took account of the considerations of whether there should be separate awards for civil servants, concluding that there should not be. We think we have produced a proposal that takes the honours system out of the hands of politicians into those of an independent commission and is more sensible about defining the criteria for the receipt of honours and not just having them for people of higher rank or for people who are doing their job. We tried to define the basis of the system, removing the name-changing honours and having an honours commission that would report to Parliament on the characteristics of the honours system that have been raised by hon. Members, such as the people whom it represents.

Stephen Pound: My hon. Friend has been extraordinarily generous in giving way. I should say that when I was offered the Order of Merit, which I accepted with alacrity—it was the Order of Merit, officer class, of the Republic of Poland—I managed to maintain my objectivity.

Has my hon. Friend been attracted by the American system, where there are few national honours? The principal honour is the congressional medal of honour, and the filter is that it has to be approved by Congress. I am reluctant to look to the United States for example in such a way, but has my hon. Friend been attracted to the idea of an honour bestowed by Parliament with a transparent allocation process?

Dr. Wright: It might be that one category of honour could appropriately be arrived at by that route. Perhaps honours for particular purposes, which we could define, would be a creative addition to the honours system. I am not averse to such an idea in principle. Do I think that Parliament should create the honours? No, I do not, for many reasons.

Simon Hughes (North Southwark and Bermondsey) (LD): The report, which is an extremely good one, does retain some nomination rights for Government to the honours commission. Might not the danger be that that would suggest that the system was still about repaying favours and being partisan? If we are to include anybody with a political handle, would it not be better for those processes to be dealt with in a much more pluralistic way, through a Select Committee and Parliament as a whole, rather than through the Government of the day? Is not one of the main complaints that the system is overly party politicised? Is that not what we want to get away from most of all?

Dr. Wright: The distinction is between those who can nominate and those who make awards. It is perfectly proper for Departments to make nominations, because they are often the ones who know best what is going on. The key point is who receives the nomination and who makes the award.

While we were conducting our inquiry the Government set up their own inquiry under Sir Hayden Phillips, who is turning out to be a jack of all trades on such reform. We had a good relationship with Sir Hayden as he was making his report. He produced a report on behalf of the Government, which they later largely accepted, that took on board some of these points. His report said that all we needed to do was have more external people on the awarding committees and more transparency about who they are, and that that would produce greater public confidence in the system.

In that sense, the Government have responded to some of the issues and put in place their own reforms. My view is that the Government's response was a halfway house. It would have been much better to take a proper, comprehensive look at the whole system, not just to tidy up the edges that are causing difficulty at the time, as a mandarin might do.

Mr. Andrew Turner: The hon. Gentleman is kind in giving way again. His mention of Sir Hayden Phillips brings to mind the suggestion that only dukes should be allowed to chair royal commissions because only they cannot be rewarded for coming up with the result that the Government want.

Is the hon. Gentleman really suggesting that a committee would be more capable of providing an appropriate honours list rather than a list that would find widespread support? Is there not always a danger of committees being too conservative? The hon. Gentleman might dislike this, but Harold Wilson was at least adventurous in the way that he scattered stardust on the honours list. Other Prime Ministers may be so in other ways, but at least we can vote them out. We cannot vote out a committee.

Dr. Wright: One of the points about having a different system is not only to do with the mechanics of choosing the names. The bit that we do not do very well is the bit that gets under the skin of our society: finding the kind of people whom I mentioned at the beginning. The honours system hardly does that at all now, and it certainly does not do it well. We would benefit from a system that more actively took on board the idea of going and finding the people doing the work that we as a society would like to reward, rather than simply taking the names in from the usual transmission belts. That is the point about having a different system.

I bring my remarks to a close by mentioning propriety, which has caused some excitement in recent weeks. Interestingly, the Committee decided several months ago that it wanted to revisit its work on the honours system in relation to propriety. That is, how effective was the machinery at guaranteeing the integrity of the system? The issue relates to the scrutiny committees that were set up at the beginning of the previous century, the work of the commission that has now taken that on board and the way in which the scrutiny committee has been absorbed into the House of Lords appointments commission.

We decided to do that work long before the recent excitement, when things were calm. Since then, of course, there has been all the excitement. The appointments commission has raised queries about names. It seems from the reports in the press—I do not know whether they are true—that it did so the previous year, I think in relation to Conservative nominees, which put all parties on a yellow warning. The commission returned to the issue only this year, more actively querying certain names, because of that history.

One could say that that shows that the system is improving. We have had a political honours scrutiny committee since the early part of the 20th century. As we know from all the evidence, we have also had people appearing to receive honours and peerages because they gave money to political parties and sailing through quite serenely. We might therefore take some comfort from the fact that we now have a piece of machinery that is more energetic.

Someone said the other day that there should be a donor's Bench in the House of the Lords. People who sat there could wear special ermine and everything would be above board. We could go down that route, but it would not be the preferred route. It would be much better to try to clean up the system, so that honour did not flow just from money.

The central issue—on which the Committee reported in responding to the Wakeham commission report on the House of Lords—is a second Chamber that has a built-in confusion between being part of the honours system and being a legislative chamber, the second Chamber in Parliament. That confusion causes all the difficulty. People in society are not queuing up to be legislators in the second Chamber of Parliament, but they are queuing up to become Lords. Yet one is unfortunately indissolubly linked to the other.

Mr. Hendrick: Is it not indeed an honour to sit in the House of Commons, and are we not called hon. Members?

Dr. Wright: It is the highest honour in the land to sit in the House of Commons. It should be an honour, as a legislator, to sit in the House of Lords, but we should not confuse an honours system with serving in a Chamber of Parliament. They are different honorific activities.

Mr. Alan Beith (Berwick-upon-Tweed) (LD): Was the hon. Gentleman not amused to re-read the passage in the Government's response to the report that says:

"In 2006 the Electoral Commission will have and make public information on political donations covering five years; the Committee's role in inquiring into donations will no longer be necessary"?

Dr. Wright: That is an interesting point. The argument was that transparency would take care of the issue; that is, because we had transparency—again, we have to give the Government credit for legislating on party funding—that role was not required. That was wrong. We need scrutiny of the higher honours too, not just of peerages.

I end by returning to the 1922 royal commission on the honours system, which said:

"It is repugnant to honest feeling that a person otherwise undeserving of an honour should get it simply because he promised to contribute so much to the Party funds".

That is the case and has been so for a great number of years. The problem contaminates the House of Lords and it contaminates the honours system. It is my contention that something must be done about it. That is why we have to reform the honours system, reform the House of Lords and reform the system of party funding, because they are all indissolubly connected.

Several hon Members *rose—*

Mr. Edward O'Hara (in the Chair): Order. I remind hon. Members wishing to catch my eye that the three Front-Bench contributions should commence no later than 5 pm.

3.10 pm

Mr. Peter Bone (Wellingborough) (Con): I congratulate the hon. Member for Cannock Chase (Dr. Tony Wright) on his introduction and his rather selective brief history. In summary, he said that the Liberal Democrats started raising money by selling peerages, that the Conservatives cottoned on and that the Labour Government have taken it up with great gusto. However, I do not want to make political points; I want to talk about a constituency matter. *[Interruption.]* No, I really do.

In essence, whatever the House does, we will never remove the suspicion that people are awarded peerages because they have given money to a political party. Does the Minister agree that the only solution, the only way in which such suspicions can be entirely removed, is to have a completely elected House of Lords? If we did that, there would be no question of patronage.

Mr. Andrew Turner: Does my hon. Friend not accept that patronage within political parties does not need to be oiled by money but can be oiled by other things such as gender, race, history, or other relationships to the more senior people in that political party?

Mr. Bone: My hon. Friend makes a good point, but I want to keep specifically to the question of honours and cash for political parties. We have reached the stage when we need a fully elected House of Lords.

Mr. Hendrick: What would happen if someone tried to buy a candidacy in a political party? Would the hon. Gentleman allow only those candidates that did not donate anything to the party in question to go forward?

Mr. Bone: I am saying only that we should have an elected House of Lords. We have reached that stage.

I hope that the Minister can answer my next point. I see no problem in someone who gives a large amount of money to an educational institution receiving an honour. The honour could be inscribed "For providing funds to improve education". However, it would be a problem if that person were then made a Member of a House that makes our laws. It is correct that those who give donations for public service should receive honours, but they must be described as such. However, I am not concerned about those who make donations but with people who, in my view, really deserve honours.

I have come across the problem twice in my political career. It first happened when I was in the Welsh valleys. The lady in question had worked for years on behalf of the Conservative party, almost single-handedly flying the flag. She had never wanted to go up the greasy pole and she had no personal ambition. She did it for what she believed in. I am sure that Labour Members know of similar people in their constituencies. I was asked to provide some background information with a view to that lady being given an honour. Unfortunately, she never received one. I would like to see more people like her receive honours.

That brings me to my main point, which is a constituency matter. I shall not mention the name of the person concerned, because that might be counterproductive. My predecessor as the Member for Wellingborough worked hard for someone who had done much to improve the lot of children in a very deprived area of Africa. My predecessor had supported an application for an honour, but nothing ever happened. He came to see me, the newly elected Member for Wellingborough, and asked me to support the application and to ascertain what had gone wrong.

I made inquiries and found that the person in question had been rejected. I could see no reason for the rejection, and I have supported a new application. It transpired that there is a limit to the number of honours awarded each year, and the category in question was limited to 1,000 awards. I find it hard to believe that there were 1,000 people more worthy than my constituent. Will the Minister say whether honours are capped, or are they determined on merit?

If he can, I would appreciate the Minister helping my constituent, who is extremely deserving, has spent years improving conditions for children in Africa, is well known locally and has had national recognition.

3.15 pm

Mr. Michael Wills (North Swindon) (Lab): I begin by congratulating the Committee on an admirable, thorough, first-class report. I agree with most of it; it is constructive and it makes some important proposals for reform of the orders and the process by which such awards are made. I strongly associate myself with the remarks of my hon. Friend the Member for Cannock Chase (Dr. Tony Wright) on the need for reform of the House of Lords.

The honours system does matter, partly because the recognition embodied in the awards powerfully motivates those who serve—a significant point made by my hon. Friend—as well as their colleagues. The system also represents what we value as a nation. It is an important component of our national identity. The report reflects the widespread feeling that although the honours system still fulfils that purpose, in some important ways it fails adequately to reflect our national identity as many would wish.

It is not a matter of individual awards, or even the sprinkling of stardust over each list. Ultimately, as my hon. Friend said, each award is subjective, and no matter how committees consider the honours system, that degree of subjectivity will remain. Rather, the question is about the overall balance of awards; what categories of individual receive awards, and why.

One issue goes to the heart of the question; it is fundamental to ensuring that the system properly reflects the values of the nation. It is how far the awards recognise exceptional achievement and exceptional service. If awards are given only in recognition of achievement, they could easily be seen as being little more than the privileged reinforcing their privileges—the great and the good establishing themselves even more firmly in the bastions of power and privilege. I hope that few people would think that such a process reflected something desirable in our national life.

Equally, achievement cannot be excluded as a criterion. I share my hon. Friend's view of Sir David King's remarks to the Committee. It is important that awards should shed lustre on the award as well as dignifying the recipients. Exceptional achievements can clearly help do that. However, in this admirable report

and more widely, the tendency has been to conflate the honouring of achievement and of service as if they are synonymous. They are not.

Those who have achieved much in their lives may also have given great service to the nation, but it is not axiomatic. The report recognises the widespread dislike of honours being given to people for simply doing their job. However, I am not sure that it follows that a higher proportion of the higher honours should be given for service rather than achievement. When examining any honours list, it is hard to avoid the impression that awards for services rather than achievement are focused on the lower ranks of each order; the knights, the companions and the commanders are concentrated in the traditional ranks of the established classes.

The report includes the evidence of Sir Hayden Phillips, who said:

"Fifty years ago around 40 per cent. of all awards went to Crown servants . . . it is now under 14 per cent."

That is 40 per cent. of all awards. It is often instructive to examine carefully the use of language by civil servants and politicians.

The use of the word "all" drove me to look at the distribution of the higher awards. I read the summer list in 2005, and among the higher honours I counted 147 knighthoods and awards such as commanders and companions for various orders, of which, by my rough and ready analysis, 52 went to Crown servants. In other words, 35 per cent. went to the great and the good. When other categories of the great and the good are added to the equation, the proportion is far higher. That might not be surprising, but that does not make it acceptable.

Any honours system must use a sifting process. There are two stages in the process that might easily work against those who have given exceptional service, but have not achieved eminent status. First, there is a sifting by category and occupation. It is right, in my view, that there should be an attempt to reflect all facets of national life in rewarding achievement. Not to do so would artificially elevate certain activities above others. It is also clear that that will be a subjective judgment, which might shift to reflect changes in national priorities. For example, the Government are focused on education being a priority, and that has led to educationists appearing more prominently in the higher honours. Most people would agree that that change is welcome.

There will always be a tendency to reflect the most visible and powerful categories, not necessarily those who give the most selfless service to the nation. Some 200,000 people in this country work in social services. Those important, often thankless, jobs often require extraordinary dedication, but such workers are often punished and humiliated in the media when they make mistakes. They rarely receive public commendation when they get things right, and their jobs are not well paid. Yet how many social workers do we see in the upper echelons of the honours system every year? Does that imbalance reflect our core national values?

I do not say that businessmen and permanent secretaries should not qualify for such awards—of course they should—but I wonder whether they should receive them so disproportionately in comparison with the caring professions. I am not trying to elevate the status of the caring professions above that of business or that of the civil service. All can serve, but there should be a greater equivalence of esteem, and it should be reflected in the honours system.

The second institutional bias in the system against honouring service instead of achievement might flow from the difficulty of identifying recipients. Achievement and status, by definition, thrust themselves forward for recognition. Exceptional service divorced from status will inevitably be harder to identify, but that does not mean that we should not try harder to do so. Of course, that will be a subjective process. I feel humbled every time I see a teacher of children with special needs at work. Their selfless patience and dedication, often in difficult circumstances, can be extraordinary, yet how many of those teachers do we see represented in the higher echelons of the awards every year?

As I said earlier, my personal view is that the system is inherently subjective. If we had a system that genuinely recognised service rather than simply achievement, we would see, every year, among the knights, commanders and companions, not only the businessman but the social worker, and not only the head teacher—to pick up on a point that my hon. Friend the Member for Pendle (Mr. Prentice) just made—but the form teacher who has given selfless service over many years. We would see not only the head of a royal college, but the hospital cleaner. If that seems a strange proposition, it is only because the system rewards status more than effort. We can all think of genuinely selfless people who make extraordinary efforts on the part of others, yet whose status in society apparently renders them ineligible for the higher honours. I am talking not about the lower orders, but the higher honours which inherently reflect the value that we place on them in society.

Mr. Andrew Turner: I am a little confused by the hon. Gentleman's elision of status with achievement, as compared with service, because he has compared both status and achievement with service. In my constituency, there is a young lady in her twenties, I believe, from a working-class family in Derbyshire, who was made a dame because she was the fastest woman to sail around the world single-handedly. That is about achievement, not status. Can the hon. Gentleman tease those issues out slightly better?

Mr. Wills: I am happy to try to do so, but we are splitting hairs; it is a matter of semantics. The extraordinary sportswoman to whom the hon. Gentleman refers clearly achieved status as a result of her achievement. That does not mean that it is negligible; it is eminently worth while, and she is obviously eminently deserving of the honour that has been conferred on her. That is not in question. I have made it quite clear that that sort of eminent achievement, which is outstanding and extraordinary, should be honoured. Everybody would agree with that. We must have balance between achievement and service, but that is not always the case. What happens all too often in the upper echelons of the awards—I am not

[Mr. Wills]

talking about the overall system—is that achievement is rewarded more than service for the reasons that I have given.

Mr. Hendrick: While I agree with my hon. Friend's analysis and many of his conclusions, I am concerned about how practicable his suggestions are. I agree with his distinction between achievement and status as against service, but are not there millions of heroes in this country working above and beyond the call of duty to be the type of people he is talking about? Would not it be unfair to many of them if only one or two were recognised rather than all of them?

Mr. Wills: Of course, my hon. Friend is right. That is what I meant when I talked about the difficulty of identifying such recipients. It will be problematic, and I agree that there are probably far more selfless heroes in the country than eminent footballers or rock stars of great established longevity who suddenly become eligible for such honours, or, indeed, permanent secretaries. We must consider this in relation to not only the individuals concerned, but what the system says about the nation. It is about what we honour as a nation; we are sending out a signal that we honour achievement and status more than service. We must find a way around that.

Any system will inevitably be subjective—my hon. Friend is right about that—but so is the current system. Why is one footballer or permanent secretary honoured rather than another?

Mr. Heald: The way in which the Government put it in their response—for once I rather agree with them—is that an individual who receives an award for service should have "gone the extra mile", and that someone who receives an award for achievement should stand out "head and shoulders" above his or her peers. That is rather a good way of summing up what we are looking for.

Mr. Wills: I agree entirely. My point is that both those considerations should be reflected in the upper echelons of the honours system, but they are not. If they were, we would see some of those millions of heroes being made knights, dames, companions and commanders. That would show that we reward and honour service at an equivalent level to achievement. Are we really saying, through the way in which the upper echelons of the system work, that the only people who go that extra mile—to use the hon. Gentleman's definition—are to be found only in the upper echelons of the civil service, in the royal colleges or among head teachers? Absolutely not—none of us believes that, yet the honours system appears to send out that message.

Mr. Hendrick: Suppose that a police sergeant were to be made a knight. Given that there are 43 police forces in England and Wales—I do not know how many there are in Scotland—*[Interruption.]* Eight in Scotland, I am reliably informed. Suppose that there was one knight in each of the 43 forces, plus the eight in Scotland, does my hon. Friend think that it might devalue a knighthood if so many were given out in one tranche every year?

Mr. Wills: I am grateful to my hon. Friend for his contribution, but there is no question of inflating the number of honours given out; it is just a question of distributing them differently. I thought that my hon. Friend was going to make a slightly different point—one with which I have sympathy, because it is practical—about how conferring a higher honour on a police sergeant who had gone that extra mile would impact on his position in his police force, and about whether that would undermine the command structure in that force. That would be a practical issue. However, the fact that we think that that is a problem says much about how we think the honours system reinforces existing power structures. It should not be doing that; it belongs to the nation, not to a prevailing power structure. That is the point. It reflects what we value and honour as a nation, and therefore it ought to be separated from power structures.

Of course we should be able to reward achievement, but we should be able to do so at the upper echelons to show that we truly value those people who, in the words quoted by the hon. Member for North-East Hertfordshire (Mr. Heald), go that extra mile. I would like the system to be extended in that way, but that would be enormously difficult to do, and I fear that my plea will go unheeded, because people who have reached the top of their profession expect an honouring in that sort of way. They will find it difficult to accept that people lower down the power structure should be honoured for their extra effort. However, I strongly believe that the system should be extended, because it reflects something important about our nation: the fact that it is one nation, and that we are all citizens, equal in each other's eyes, and should reward those of us who go that extra mile.

3.32 pm

Kelvin Hopkins (Luton, North) (Lab): I am pleased to have this opportunity to comment on our Committee's report. I congratulate my hon. Friend the Member for Cannock Chase (Dr. Wright) on his excellent presentation and on the way in which he chaired the Committee's deliberations.

The report is very good, but it is a consensus report and does not necessarily reflect every view of every member of the Committee, so I want to raise one or two points. First, I take issue with the hon. Member for North-East Hertfordshire (Mr. Heald), who speaks for the Conservatives. He asked why we do not just keep everything. There is a serious problem in Britain, in that we have not addressed equality. Some of the revolutionary societies that emerged from the 18th century, such as France and America, thought equality very important. If some of my political forebears, the Levellers, had been victorious within the Cromwellian armies, our society might be much more equal and egalitarian now, but unfortunately we did not win, and some of what existed before the English revolution carried on afterwards and was perhaps reinforced to some extent.

The report is absolutely right to suggest getting rid of all the honours, and having a simple, three-tier, single honour. That would parallel the légion d'honneur in France, which is a much more simplified system, and which has a feel of an equal society about it. Our system reflects our still hierarchical and unequal society. It is extraordinary. I have talked to colleagues from the continent of Europe whose countries have had

revolutions, defeats in war, economic problems and all sorts of tribulations that we have not experienced. We have preserved in aspic all the structures of the past that they have got rid of. The current honours system needs, if not to be got rid of entirely, then radical reform, as we suggest in the report. It would be healthy for our society to consider things in a much more egalitarian way.

My concerns are about the involvement of politicians in the honours system. My hon. Friend the Member for North Swindon (Mr. Wills) and other hon. Members rightly mentioned that. I suggested during the Committee's deliberations that we should remove the power of the political realm entirely from the honours system; it should be completely separate, with no involvement whatever by the Prime Minister in particular, and by the political powers in general. One simple way to achieve that would be to abolish the House of Lords. I have always been an abolitionist, although I have reluctantly had to concede that there will not be abolition now.

Some years ago, I went along to a so-called policy forum—our party has them, but the Conservatives do not, or perhaps they do; I do not know. The subject was reform of the House of Lords. Instead of us having rigorous debates and democratic votes, the subject was chosen for us. We went along to a meeting, and a chair came from outside—we did not know where he came from; he certainly was not elected. He was imposed. Someone suggested that abolition of the House of Lords should be among the things to discuss, but the chair said absolutely not, and that that was not on the agenda. Someone suggested that we ought to have a daring vote, just to test the water on abolition, but the vote was ruled out of order, and we were told we would have no vote. I was puzzled by that; I wanted one. Anyway, it seemed appropriate not to have a vote, given that we were talking about unelected politicians.

Abolition would be one way forward, and it would certainly remove the Prime Minister's power to appoint peers. If any appointments of that kind are to continue, they should be removed entirely from the political sphere. My view is that we ought to have a wholly elected House of Lords—a Senate or upper House, as we might call it. The hon. Member for Wellingborough (Mr. Bone) suggested the same thing.

I was slightly concerned about another point made by our Chair, my hon. Friend the Member for Cannock Chase. He said that things are much better now than they were. Well, relativism only goes so far. Things may be better than they were, but they are still not as they should be. I should like to see the whole system entirely cleaned up. There may be a bit less corruption, political fiddling and patronage than there was, but that is not good enough. We have got to get rid of the system entirely. I want the concentration of power in our country—the centre of power is in Downing street—to be dissolved and spread more evenly through the political system.

Mr. Hendrick: Will my hon. Friend answer the question that the hon. Member for Wellingborough (Mr. Bone) would not answer? If there were another elected Chamber, what would prevent people from paying to become political candidates in a political party, in order to gain a seat there? If that were stopped, the only valid candidates would be those who did not donate any money to that political party.

Kelvin Hopkins: Those are matters for political parties. A political party that had such obvious corruption within it would hopefully suffer at the polls as a result. I would certainly want my party, at least, to be a genuinely democratic party where the members select their candidates in a free and democratic fashion.

Mr. Bone: On that point, surely one could say that political parties could take money to allow people to become candidates for the House of Commons, but the hon. Gentleman's point applies: the public would throw that party out very quickly.

Kelvin Hopkins: Things are not perfect, and I would like considerable improvements in all parties, including mine, but I will not go into that, because that would be going wide of today's subject.

Mr. Hendrick: All political parties have a membership fee and rely on finance in order to carry out their day-to-day business. Surely a judgment needs to be made about how much is considered bribery, how much a membership fee, and how much a valid, non-prejudicial donation.

Kelvin Hopkins: When I first stood for selection in my party, we were not permitted to mention money at all. We could not even refer to support from organisations that might donate money, because that could influence the selection. The selection had to be based on one's political worth, and that is absolutely right. That is the way it should be.

I would like to touch on the issue of stardust. I am not persuaded that we should give awards that are seen to be media-friendly in order to gain a bit of credibility, perhaps, in certain areas of the sporting world or whatever. An independent commission should choose people for an honour—for a légion d'honneur, a CBE or an OBE—using recommendations from friends and whatever. It should not be seen to be saying, "Ah yes, we have got to liven things up a bit with a few pop stars and footballers." If such celebrities have done wonderful things for Britain such as making great donations or bringing great honour to the country, they can be considered along with other people.

However, in a sense, most people who are that famous, wealthy and powerful have had their reward. I want no more reward than I have had already. As others have said, being a Member of Parliament is the greatest honour, and it is bestowed not by somebody up there sprinkling stardust, but by voters who vote for us because they think us worthy of their support and of representing them. I am not keen on the idea of stardust either.

I turn to another aspect of the report. Professor Peter Hennessy talked about the honours system being "the lubricant" of the state. I was unhappy with that. In many ways, Professor Hennessy is admirable—he made some superb contributions to our deliberations and is extremely entertaining—but I did not agree with him on that. I was more persuaded by Yasmin Alibhai-Brown and Jon Snow, who talked about the potential for corruption in politics and were absolutely right.

[Kelvin Hopkins]

I would like to see the abolition of any kind of politics in the honours system and, in conclusion, I shall quote a great man. When I started my political activity, I used to go to meetings in Arthur Henderson hall, our local Labour party hall. That was a long time ago, and I never thought that I would one day read out Arthur Henderson's words in Parliament. Here, he discusses politics, money and honours:

"This system whereby financial assistance rendered to a Party is recognised by the conferment of an honour by the State is, in my judgment, deplorable, and discredits the honours system. It is a means of enabling the temporarily dominant political party to bestow special political power, through membership of the House of Lords, on individuals of their own selection, and it does not secure that the person honoured possesses any distinction except his title.

In a democratic country it is a distinguishing mark of the good citizen that he interests himself according to his opportunity in the well-being of the community. It is indisputable that public service of great value has been rendered by men and women whose thoughts have never dwelt upon titled reward, and in view of the difficulty of keeping the honours list pure, I do not believe that the abolition of political honours would in any way diminish either the volume or quality of the services given to the community by its citizens."

That was written 84 years ago, and it rings well today. I certainly support Arthur Henderson.

3.42 pm

Mr. Andrew Turner (Isle of Wight) (Con): It has been a great pleasure to listen to the debate, Mr. O'Hara. On purpose, I did not seek to catch your eye earlier because I wanted to hear the points made by those who were described quietly as "the usual suspects" just before the debate began. I cannot say to whom those words referred.

For the most part, the report is good. However, one or two points are fundamentally bad and detract from its overall value, and I intend to refer to those. From where did the Committee get its information? It is an honour to be asked to give evidence to a Select Committee, and none of those who gave evidence—including my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke)—could be described as normal. So where did the information come from?

I recognise that there was lots of written evidence as well, and I do not know all those who gave it, but the list on page 68 is made up almost entirely of the great and the good. I accept that a fair sprinkling of politicians are perhaps not quite as great or good as the rest of the great and the good who gave evidence. However, it is hardly surprising that the Committee came to the conclusion that politicians—even the Prime Minister—are not the right people to hand out honours, but that the great and the good are. As I said in an intervention, the Prime Minister can be sacked—by Labour Members at the moment, or by the public later.

One thing that worries me is the conservative—with a small c, obviously—nature of the great and the good in this country. As I said, I think it highly unlikely that in 1966 or 1967, or whenever it was, the great and the good would have risked giving the MBE to the Beatles. However, Harold Wilson did that. He described it as sprinkling a bit of stardust. Perhaps that was foolish, but it was not the only foolish form of words he chose to use in his time. He said, "These people have achieved something and we believe that it should be recognised, not through money, but through the formal recognition of the state."

The award did more than add stardust to the list; it naturalised—that is the best word I can think of—the youth subculture of the 1960s and brought it into the wider culture of the state and the establishment. The knighthoods given to Tom Jones and Mick Jagger—belatedly, I admit—did the same. They brought them into the imperium, if you like. Those knights were no longer rebels against the establishment, but part of it.

I say in particular to the hon. Member for Luton, North (Kelvin Hopkins) that one of the great virtues of the British honours system is that those who would be rebels can usually be brought in. That is why there has not been a successful revolution in this country since 1688. It is greatly to our benefit and good fortune as a nation that our systems evolve rather than being thrown up in the air, with a great deal of bloodshed, to land who knows where.

Mr. Wills *rose—*

Kelvin Hopkins *rose—*

Mr. Turner: The hon. Member for North Swindon (Mr. Wills) wants to intervene. However, I referred to the hon. Member for Luton, North and shall give way to him first.

Kelvin Hopkins: The hon. Gentleman's analysis is incorrect. We have not had revolutions in Britain because, in time, Governments have bowed to the will of the people and created a more civilised society. We have, particularly in the 20th century, been less repressive or oppressive than some other societies. After the second world war, a magnificent Labour Government created the welfare state and redistributed income and wealth as never before. That is why we have not had revolutions—Governments have given way, sensibly, to the demands of the people.

Mr. Turner: A combination of things is involved, including elements of co-option, naturalisation and good rule from both major parties for 100 years.

Mr. Wills: I am curious about the hon. Gentleman's argument. Like my hon. Friend the Member for Luton, North (Kelvin Hopkins), I balk at it; I have a different understanding of history. The hon. Gentleman was describing what many analysts would say is the approach of the Government of China at the moment—co-opting every possible rebellious and talented individual into the system as an alternative to democratic reforms. Is he endorsing that process?

Mr. Turner: I have insufficient knowledge of the workings of the Chinese Government, who are considerably more repressive than most Governments in the west.

Simon Hughes: Last year, we saw for the first time the names of the chairs of the eight sub-committees that recommend honours. What comment does the hon. Gentleman have on them? I shall quote from the list:

"Arts and Media: Lord Rothschild, OM, GBE . . . Community, Voluntary and Local Services: Lord Newton of Braintree, OBE . . . Economy: Sir John Collins . . . Education: Dame Alexandra Burslem, DBE . . . Health: Dame Carol Black, DBE . . . Science and Technology: Lord May of Oxford, OM, AC . . . Sport: Lord MacLaurin of Knebworth . . . State: Sir David Cooksey".

There is not a single unhonoured person among them. It strikes me that those who get into the system ensure that it runs comfortably for them.

Mr. Turner: I do not deny that. I do not think the system perfect, but I question whether the new system proposed in the report would be any better.

Dr. Wright: I am slightly puzzled by the hon. Gentleman's remarks. He said that he thinks all the people who gave evidence to us are in some way abnormal, which I thought curious when I studied the list again. Leaving that aside, if he were to read the report, he would see what we explicitly said:

"The commission . . . should not become simply a receptacle for the Great and the Good."

We point out how such a situation can be prevented.

Mr. Turner: The road to hell is paved with good intentions. I am sure that the Committee's intentions are perfect, but no committee in the world will not eventually be taken over by the great and the good, at whatever level. The great thing about the Prime Minister and politicians taking responsibility for these things is that they can be sacked. Sooner or later, the public usually sack them.

I shall move on from the composition of the list of witnesses. The excursion that I would most describe as a waste of time that rather devalued the report relates to the Order of the British Empire. The excursion was silly and it devalued the argument. Of course, some people object to the British empire, which was, on balance, a huge force for good in the world. However, people also object to saints and organised religion—some might even object to garters. I do not understand why the Committee feels there is a need to change the name of an order, when its function is to remain substantially the same.

I understand why people jib a little at the Order of St. Michael and St. George, but it has changed significantly over time from having its previous function to having its current status as an award for foreign affairs. The Order of the Bath has changed significantly over time. We have a range of different orders and they have different histories. I am sure some will fall into disuse, as the Most Exalted Order of the Star of India and the Imperial Order of the Crown of India did in the previous century.

Other orders appear to be dormant and are resurrected. In the most recent case, Sir John Major resurrected the baronetcy, which we all thought extinct but which had merely gone into dormancy. For the benefit of Labour Members, particularly the hon. Member for North-West Leicestershire (David Taylor), although he is no longer in his place, a baronetcy does not entitle one to a seat in the House of Lords. The suggestion that merely by changing the name of an order we are doing anything other than tinkering at the edges is silly.

Kelvin Hopkins: I am puzzled by the idea of the British empire being a force for good in the world. About a third of my constituents come from countries that fought hard for their independence and did not see the British empire as being benign in any sense. In fact, such people were often oppressed by it. Let us consider areas such as Iraq. The mischief that the British empire caused there is still affecting us today.

Mr. Turner: Well, clearly we did not do so much mischief that such people did not want to come to this country. Let us reflect on Africa: other places that were parts of the British empire are thankfully governed rather better, but most African former colonies are governed far worse than when they were part of the British empire.

I think that I have covered the point about the Order of the British Empire.

Dr. Wright: The hon. Gentleman must take on board the powerful evidence that the Committee received from Sir John Major on that issue. He explained why he no longer held the view that he previously did. He used to believe in what the hon. Gentleman is saying, but he has changed his mind, saying

"I believe it is now out of date".

He now thinks that a new order of British excellence is the way to proceed. He said:

"This is minimum change for maximum effect."

I would have thought that was a good Conservative principle.

Mr. Turner: First, we are not talking about minimum change. Minimum change is no change.

Simon Hughes: That is not change.

Mr. Turner: I am sure I could devise a more minimal change than changing one word in the order's title. Secondly, the proposed title is grey, although that is a matter of opinion, as is whether the title is appropriate and whether one individual or another should be a given a particular honour.

I accept that this is subjective, but I read that the order of British excellence was thought to be a better title than the order of Britain—I cannot remember which paragraph that claim was made in. I do not see the order of British excellence, which I think is grey in the extreme, as being any great improvement on the order of Britain, which was apparently rejected. Sir John Major has been right and wrong about a number of things. Sometimes he has changed his mind and become more right, and sometimes he has done so and become less right.

Mr. Hendrick: When the hon. Gentleman makes reference to the description "grey", I am unsure whether he is referring to the OBE or to his former Conservative colleague.

I was not particularly sensitive about the nomenclature proposed or whether it was any better or worse than using the word "empire". However, when I heard the hon. Gentleman's description of what he felt about that word and why he felt it should remain, and

[Mr. Hendrick]

his view of the empire, my mind might have been changed. We might need to bring things up to speed in the 21st century.

Mr. Turner: I am pleased that I can have such influence.

Kelvin Hopkins: I shall make a simple point. We can see a conservative point to keeping the same letters—there is continuity with the past. People who have received the OBE, CBE or MBE would not feel affronted that their awards were disappearing and others would feel that they were getting the same letters after their name. Most people in my constituency who get such awards think that they get them from the Queen, our Head of State. Irrespective of what one thinks about the monarchy, when they collect their award at the palace, that is what makes their day.

Mr. Turner: I have no dispute with that fact. Such people get their awards from the Queen—from the Crown—not from the Prime Minister.

I find something else extraordinary. This is not in the report, but it is implicit in this debate that being knighted somehow makes someone a more important person. One just has to read Alan Clark's diaries to realise that it is not a title or a name that makes one a gentleman. I think that the phrase he used to describe someone whom he clearly did not think of as a gentleman, my noble Friend Lord Heseltine, was that he "bought his own furniture". I am sorry to say that I never knew Alan Clark, but I am sure he would have thought even worse of people who bought their own peerage.

I am not advocating any change to the arrangement of titles. I appreciate the point made by the hon. Member for North Swindon about the distinction between achievement, and service and status. I am proud that Dame Ellen MacArthur received the award that she did as a result of her extraordinary achievement. I do not think that people should receive awards merely for the status that they have achieved. It is sadly implicit in some of the awards given to permanent secretaries that they got them because of the status they achieved, although there is achievement in achieving such exalted status.

It is difficult to understand how it would be possible to measure service on a scale—even service that goes the extra mile—in the same way as we can measure achievement on a scale. We can measure achievement; we can see whether something is the best. However, it is very hard to measure the service of someone who has, for example, run out-of-school clubs for 25 years in a rural primary school. That is clearly service, although it is clearly additional service, but how can it be measured on a scale? For that reason, we should appreciate the token nature of the award—I am sure recipients appreciate that—and we should also recognise that not everyone can receive the award.

There is no equality; let us get away from the idea that there can ever be any equality in honours. There is no entitlement to honours, there should be no expectation of honours and, certainly, there can be no equality of honours, but there is the chance of recognition at a higher level than the local level. It would, of course, be better if more people contributed locally by putting names forward to those who make the decisions—whoever they should be—about the award of honours.

Simon Hughes: I realise that this is a controversial proposal to come from those on the Liberal Democrat Benches, but presumably the hon. Gentleman would not justify, in this modern century, the fact that the wife of a man who gets a title—a knighthood, for example—immediately gets a title, whereas if a woman gets a title there is no reciprocal arrangement? Surely, the person to be honoured should receive the title, but other people in the family should not automatically be honoured just because they happen to be hitched to somebody?

Mr. Turner: Legally, such people do not get a title; they get an honorific. The title of the wife of a knight or baronet—or, indeed, of a peer—is not legal; it is honorary. The fact that the husband of somebody who is honoured does not get a title is merely a matter of custom in this country. However, even if that were not the case, I would not see any need to fiddle around with this matter—it would be fiddling for no purpose.

I have a brief final point to make about the spread of honours. There is a metropolitan bias in the distribution of honours, and the further up the honours tree we go, the greater the bias becomes. I do not wish to delve too deeply into peerages, because reform of the House of Lords is not a matter for this debate. However, it is of concern to me that almost half the peerages—it might be more—granted since 1997 have gone to people who live in London. That is an extraordinary, ridiculous and unjustifiable bias.

I believe that the figure might be 40 per cent., but the fact that those people are involved in the legislature makes this an even worse bias. Sadly, it is reflected in the higher levels of honours throughout the system. That shows the failure of the establishment to co-opt people in other regions as successfully as it does people in the south-east. I wish it would make an effort in that regard, and encouraging nominations is the best way to do it.

4.3 pm

Mr. Gordon Prentice (Pendle) (Lab): A lot of ground has been covered, so I shall be brief.

The Committee's report was published in 2004—two years ago. We said:

"There was little if any evidence of the sort of serious corruption which at one time affected the system".

Of course, nowadays it is impossible to pick up a newspaper without reading some lurid allegation about the honours system—honours for sale, and so forth.

Let me say at the outset that I believe that the state should honour citizens who merit that. We set out in our report six principles for an effective honours system. The first of them is excellence;

"It should reward outstanding and exceptional service or achievement, at all levels".

Who would disagree with that? The second principle is integrity;

"it should not be, or be seen to be, corrupt".

We all agree with that. The third is transparency;

"it should be as open as possible, consistent with the need for confidentiality as to individual decisions".

The next principle is dignity;

"awards should be widely accepted as worthy".

The fifth principle is clarity;

"it should be easy for the public to understand why awards are made".

Finally, there should be fairness;

"it should not favour, or appear to favour, any one group".

We formulated those principles after taking evidence from a number of eminent people, and after acquiring a huge amount of written evidence, which is published in a separate volume. We got a lot of coverage. I truly believed that, with a Labour Government with a radical agenda, the honours system might be radically changed.

Alas, that was not to be the case. Many of our report's recommendations were rejected. We called for the ending of honours going to people just for holding a particular post—for example, to senior civil servants such as permanent secretaries. That was rejected. We called for the end of the Order of the British Empire. That was rejected. We have heard about the conversion of the former Prime Minister, Sir John Major, but there were also other people who felt the same way about the idea that we should still award people with the Order of the British Empire in this day and age, when that empire no longer exists apart from half a dozen or a dozen islands scattered around the world. It was simply felt that that was something that should be changed.

Benjamin Zephaniah is one of a number of people who refused an award. He declined to become an Officer of the Order of the British Empire; he stated—I wish I could say this in rap, but I cannot, and Members would laugh at me if I tried—that he believed it stood for colonial brutality and slavery. That is Benjamin Zephaniah's view. We felt that this could be updated. We felt that the initials could be kept; that is minimum change, which is the kind of change the Member for Isle of Wight (Mr. Turner) likes. We felt we could keep the initials and just substitute "excellence" for "empire". We also recommended the phasing out of name-changing titles—the dames and the knights. The Government rejected that. It was rejected as too radical.

I believe—I have always believed—that we in Britain live in a very hierarchical society. When I intervened earlier on my Friend the Member for Cannock Chase (Dr. Wright), I do not know if I said something that I did not mean to say, so let me say what I wanted to say again; I said that it is inconceivable that a teacher—not a head teacher, but a teacher—should be made a Dame of the British Empire. I just do not think that that would happen.

Simon Hughes: I think that has happened a few times; I think that three head teachers have become dames.

Mr. Prentice: I am not talking about head teachers. That shows the confusion; it is on the record now. What I am saying is that it is inconceivable that a teacher should become a dame, or that a police constable or sergeant should become a knight. How ridiculous is that?

Kelvin Hopkins: There is an interesting example that confirms that point. In the television programme "A Touch of Frost", Frost has won the George medal, and he hides it in his desk for fear of embarrassing his seniors. Is that not typically British?

Mr. Prentice: Indeed. I have made this point, and it is not an eccentric position for a usual suspect.

I have an article by Andrew Adonis, who has been a recipient of patronage—am I allowed to say that, Mr. O'Hara? He is now Lord Adonis. He calls for the abolition of name-changing titles:

"The Prime Minister should make no further recommendations of any titles which change people's names and forms of address."

However, that recommendation just disappeared into a big black hole. We still have the knights and the dames. Within the space of a few years, people would get used to the idea of having an honours system without name-changing titles. When Professor Cannadine gave evidence before us, he said that an honours system without titles would not be unworkable. In our report, he said:

"One hundred years on, if there are no titles in this country nobody will ever imagine what it was like to have had a system where they existed".

Getting rid of titles is no big deal. Other Commonwealth countries have got rid of name-changing titles, and why cannot a radical Labour Government do something like that? But it is not going to happen. The idea was rejected.

Another recommendation that we made was for an independent honours commission—rejected out of hand. The Government accepted some of our recommendations. We recommended that citizens who were honoured by the state could wear a little lapel pin. It is good that the Government accepted that recommendation.

We talked about categories: first, the people who accept honours, and, secondly, the people who refuse honours. There is actually a third category: the people who accept honours but do not describe themselves according to that honour. The classic example is Simon Jenkins, the celebrated columnist, who does not allude in print to the fact that he is a knight.

I want to spend a minute or two on those who refuse honours. This information is in our report. The Channel 4 broadcaster Jon Snow refused an honour. He is against name-changing honours. *The Independent* columnist Yasmin Alibhai-Brown returned her MBE, and she openly talked about how honours could be secured. It is a fact of life that many people would give their eye teeth for an honour. When the former Prime Minister came before us, he told us that when he was Prime Minister, he was

"shocked at the extent to which . . . people were prepared to lobby for Honours".

That was the former Prime Minister being shocked.

There are people who have refused honours, such as the actress Vanessa Redgrave. Albert Finney, David Hockney the artist, Aldous Huxley the celebrated author, James Meade the economist, and Richard Lambert the former editor of the *Financial Times*, all reportedly refused an honour.

Mr. Hendrick: When I intervened on my hon. Friend the Member for Cannock Chase (Dr. Wright), I made

[Mr. Hendrick]

the point about refusing an honour. Does my hon. Friend the Member for Pendle (Mr. Prentice) believe that an honour should be refused because an individual disagrees with the way in which it was awarded? Or does not he think, as I do, that many honours are refused either to gain publicity or to look anti-establishment, or just because people wish to be remembered for not accepting an honour, rather than remembered not as well for accepting an honour?

Mr. Prentice: My Friend must learn to think better of people. As I understand it, Vanessa Redgrave did not go public in saying that she had refused an honour.

Mr. Hendrick: She certainly would not now. My hon. Friend has done it for her.

Mr. Prentice: It was a leak from somewhere in the system. It is in the public domain.

Kelvin Hopkins: On the same point, Michael Foot, Jack Jones and others refused peerages on principle, because they did not believe in a second Chamber. They did not believe in a House of Lords, and they stuck by their belief and demonstrated it by refusing peerages when they could have had them easily.

Mr. Prentice: The simple point that I am trying to make is that if we had an honours system that followed the six principles set down in our report, I suspect that few people would reject it. I am just surmising; there is no way of knowing. It is because the present system is so opaque and there is no clarity about who should be preferred over someone else that many people think it is—I hesitate to use the word—corrupt, with a small c, and do not want anything to do with it.

We have made reference already to the hereditary baronetcy that John Major conferred on Sir Denis Thatcher. However, what has the recipient of that patronage, Mark Thatcher—just looking at the six principles, Mr. O'Hara, because I see you frowning at me—

Mr. Edward O'Hara (in the Chair): Order. Absolutely not. Not this time.

Mr. Prentice: What has Mark Thatcher done? Well, we know what he has done; we read about it in the papers all the time. But what has he done to warrant that honour?

I want to touch on the question of propriety that was alluded to by my Friend the Member for Cannock Chase who chairs the Committee. A historian of great renown took us way back to the early years of the previous century, but the Committee on Standards in Public Life also had something to say about it. As it happens, we had the chair, Sir—Sir!—Alistair Graham, before the Committee only this morning. When the Committee on Standards in Public Life published its fifth report in 1998, it said:

> "Abuse of the honours system by the promise of an honour in exchange for a contribution to the funds of a political party has undoubtedly occurred in the course of the twentieth century."

People should not be shocked; the Committee was just stating the obvious. What has happened over recent years, however, is quite breathtaking. There are people who say that the sale of honours is now almost brazen. When Simon Jenkins came before our Committee, I asked him whether he thought honours were for sale, and he said that that he thought they were. Tom King is a Privy Councillor and former Secretary of State for Defence, with a long and distinguished career in government and in the Conservative party. I asked him whether he thought that honours were for sale, and he thought they were.

Many people believe that honours are being traded in the marketplace. We have on the statute book the Honours (Prevention of Abuses) Act 1925, which was introduced in response to Lloyd George's sale of honours. The Prime Minister was asked only a couple of months ago, in January, whether he believed that the 1925 Act should be reviewed or reformed, and he said that he did not believe so. There has been one conviction—in 1933. Only one conviction.

Now we are in a quite unprecedented situation whereby the police have initiated an inquiry to see whether any actions have been taken that contravene the provisions of the Act. It is totally unprecedented. Members of the Public Administration Committee have already met, in camera, Deputy Assistant Commissioner Yates, who is in charge of the investigation. We will see him again next month.

I asked the Prime Minister a question at Prime Minister's questions in February. That was after the revelations in *The Sunday Times* when Mr. Smith was caught by that newspaper's sting. Believing that the reporters might be potential sponsors of city academies, he told them that if they sponsored a few academies, they could get a knighthood, and that if they sponsored a lot of academies, they could get a peerage. Mr. Smith was arrested, but he pleads his innocence and the police are no doubt investigating all that.

I asked the Prime Minister in the House of Commons Chamber why it is—

Mr. Edward O'Hara (in the Chair): Order. I think that it should be pointed out that no charges were laid.

Mr. Prentice: I understand. This matter is not sub judice. There are no charges; I will make that absolutely clear. I think that I said Mr. Smith was arrested. If I said that he was charged, I withdraw that, because it is not the case.

I asked the Prime Minister why so many people outside the House believe that it is possible to get an honour for sponsoring a city academy. Then I asked whether that was because six people have been honoured already. The Prime Minister, instead of replying to the question, said that I should visit a city academy and see the good things that happen in city academies.

We know from *The Observer* on 16 April that a direct link is now admitted between the sponsoring of city academies and the awarding of a peerage. That admission has not been contradicted or withdrawn by No. 10 and there has been no clarification, so as far as

I am concerned, until I hear to the contrary it stands. The headline is "No 10 admits link between school donors and peerages". The strapline underneath is "Blair wanted greater political support in House of Lords for his controversial education policy". The article quotes an unnamed senior Downing street source:

> "What we wanted was people with expertise in academies as working peers, taking the Labour whip, who could actively contribute with a massive amount of knowledge to the debate on education in the House of Lords."

It is not right that people should be ennobled because they support a particular policy objective of the Government of the day. That is separate from supporting a wider public good. The mere fact that someone supports a city academy is not sufficient reason to put them in the House of Lords so that they can argue the case in the House of Lords as to why city academies are a good thing.

When I was reflecting on that, I thought, "If the new Blair doctrine stands, what happens when there is a change of Government?" I know that it is not Conservative party policy at the moment, but let us imagine that a future Conservative Government wanted to encourage the growth in grammar schools and were looking for wealthy people to endow new grammar schools. Let us imagine that that Conservative Government made it clear that people endowing new grammar schools would be in line for an honour. There would be uproar among Labour Members.

What about the private sector moving into the NHS? The Government have a policy objective that up to 15 per cent. of the NHS should be handed over to the private sector for delivery. Would it be right for honours to be awarded in those circumstances? I do not think so. There are questions to be asked and answers to be given. I do not want people dancing around the issue as though it does not matter; they should be clear and up front about all these things.

I want to finish on a point that takes me back to what my Friend the Member for Cannock Chase said; it is in the report as well. We need to separate out the awarding of honours from membership of the legislature. It is corrupt—again, with a small c—that people can end up here, legislating for the nation, making the laws of the nation, because they have been elevated as a result of being regarded as people who deserve an honour. That is one reason why I am very much in favour of a small, directly elected House of Lords. That was not the position of the Select Committee. I changed my position in order that consensus could be achieved on the Committee, but I believe that an elected House of Lords is the direction of travel. As a result of all the controversy and everything that is now spilling out, we are on track for an elected House of Lords.

The last time we debated the issue, the Prime Minister famously torpedoed the Leader of the House, the late Robin Cook, by saying, in the week of the vote, that he was in favour of an appointed House of Lords and against an elected House of Lords. He has now changed his position.

The report is good and well worth reading. It took us a long time to put it together but, two years later, the recommendations are still ones that the Government should follow.

4.26 pm

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I came here this afternoon to make a specific point but, having listened to the debate, I would like to make one or two general observations before I do so. The first point was raised by my hon. Friend the Member for Cannock Chase (Dr. Wright) in the opening speech. Inevitably, the debate on the honours system is linked to two other debates taking place at the same time: the debate on House of Lords reform and the debate on party funding. There can be no doubt that individuals' views on those two issues inform and determine to a certain extent their attitudes to the honours system and how it should be used. Obviously, if there were a fully elected House of Lords, the issue of nominations for peerages and political interference in peerages would go away.

Mr. Andrew Turner: In his closing words the hon. Member for Pendle (Mr. Prentice) suggested that there should not be a link that gives people who are honoured a place in the legislature, and the hon. Gentleman has just made a similar suggestion. Does he accept that the problem is more that the Prime Minister wants to put people in the legislature and, as a side issue, they have to accept an honour? That is how the process works as far as the money and the legislature are concerned. There may be people who are prepared to pay for an honour, but would not be willing to sit in the legislature.

Mr. Bailey: I am not sure that I understand the hon. Gentleman's point. The point that I am trying to get across is that if the House of Lords question were resolved, one of the issues about reform of the honours system would go away. Questions that have arisen in the debate about the role of those who fund parties and party policies might well also be resolved as a result of concluding that debate.

It is unfortunate that people with strong views—perhaps completely legitimate views in the other two debates from the one in which we are taking part today—use language that could sully and undermine the honours system. I have heard today words such as "patronage" and "corruption", and inevitably when such words are used—I accept that they are used more in the media than in this Chamber—there is a danger that the thousands of people throughout the country who have earned honours for meritorious service will feel that their own contribution is demeaned.

Kelvin Hopkins: It is not the accusation of corruption that demeans the honours list but the fact that people may be given honours for making vast payments.

Mr. Bailey: That is entering into another debate. The point that I was coming to is that I see no problem with a system in which people are nominated for honours by a political machine. That brings me to another point. If political organisations have the right to nominate people, the ultimate selection should be made transparently by an independent body. To a certain extent we have moved towards that and in the debate so far that point has not been given sufficient recognition. We are in danger of ending up in a position in which we as politicians demean our own profession and

[Mr. Bailey]

contribution to the community by saying that people may be nominated for almost any other service in any other profession but not if they are politicians.

The hon. Member for Wellingborough (Mr. Bone) made a legitimate point about a Conservative party worker who had made a lifetime contribution. We should recognise that politics, for all its failures, is an honourable profession and that there is nothing underhand, corrupt or illegitimate in nominating someone for contributing to the political and democratic structure in society. It is a good profession and is recognised throughout the world. People play a role and there should be an avenue by which they can be honoured without accusations of patronage or corruption. There should be a process within the honours system that recognises and legitimises that and is protected from the wild accusations that appear in the media and are sometimes made by people with good motives who misinterpret the position.

Kelvin Hopkins: I profoundly disagree with what my hon. Friend is saying. People are not fooled; they know what is happening and they read about it in the newspapers every day. The simple process of taking the awarding of honours out of the political system would solve that problem once and for all. That is what we are suggesting.

Mr. Bailey: I listened to my hon. Friend's speech, but did not intervene because I profoundly disagree with him.

Mr. Hendrick: I agree with the thrust of my hon. Friend's argument and that of the hon. Member for Isle of Wight (Mr. Turner) who said that politicians may be sacked, because the public can throw them out. The so-called great and good—or independents—often have their own agenda and are accountable to no one. I am not encouraged by the so-called independents to whom one or two of my hon. Friends have referred. I have heard today's debate from the beginning and I believe that one or two of my colleagues would be reluctant to make some of the statements that have been made here today if they were outside the House without parliamentary privilege. The way in which they made them was sometimes irresponsible.

Mr. Bailey: I agree with the thrust of what my hon. Friend said, but I am not sure that I would have made exactly the same observations.

In general, when upholding the honours system, its fairness, integrity and so on, we must be careful not to demean our place in our community and democratic structure or to devalue the contribution that many of us make.

An interesting thought occurred to me when we talked about people being honoured for charitable work. Given the way in which the honours system aspires to reflect positive values in society, most people would say that that is good. The debate about a tangential issue—party funding—has referred to political parties becoming charities, so would financial contributions to them provide a democratic and legitimate basis for honouring people under the honours system? All sorts of conundrums could be thrown up and we could have a long debate on that, but my central point is that there is nothing wrong with the involvement of politics in the honours system so long as it is transparent and the final selection is made by a body of people who are not party political.

Dr. Tony Wright: I find myself in agreement with much of what my hon. Friend says. Surely the point—there is no conundrum about it—is that political service is a good thing and we should value it. Giving financial support to political parties is a good thing and we should value it. What we should not have is a system under which people can buy themselves an honour by giving money to a political party. There is no conundrum about that.

Mr. Bailey: The point that I was making is that an independent body that is divorced from the political process should determine whether someone should receive an honour. There should be a legitimate political nominating process but the selection process should be independent. Presumably an independent panel would not make such a selection on party political grounds or because of a contribution made to a party political organisation. I do not think we disagree substantially on that, but I may not have made myself clear.

There is a gap in the report, although under the terms of reference it might not have been thought appropriate to consider it. It was recognised by my hon. Friend the Member for Stoke-on-Trent, North (Joan Walley), who has now left the Chamber. There is an inability in the present honours system to recognise the contribution made by people who are now dead. The rationale for the honours system is that it is based on community values, and my hon. Friend the Member for Cannock Chase said in the opening speech that honours are important symbols of what is valued in public life. He also said that it was legitimate for a Government to use the honours system to promote certain values in the community. I believe that that, in essence, is what my hon. Friend was saying. Honours may reflect the values of society, but they also promote them, because they uphold those who exemplify such values as things to be followed and to inspire others. I believe that a number of people who are now dead should be honoured, because they would fulfil that purpose.

My hon. Friend the Member for Stoke-on-Trent, North mentioned R.J. Mitchell, who designed the Spitfire. I too have someone in mind: a person from West Bromwich who exemplifies the sort of qualities that should be recognised publicly and have been recognised by other countries. Hon. Members present might have signed an early-day motion that I tabled approximately one year ago to honour Madeleine Carroll. For the benefit of younger Members, including the Minister, I should explain that Madeleine Carroll was a film actress. She was born in 1906, and this year is the 100th anniversary of her birth. She grew up in West Bromwich, the daughter of a French teacher in the local grammar school. She was one of the first female graduates of Birmingham university and was therefore a pioneer in female education. She taught French in local schools, then decided to become a film actress. She starred in the first version of "The Thirty-Nine Steps" as

the lead opposite Robert Donat, in "Secret Agent", Alfred Hitchcock's follow-up film in 1936, and in many other films. She was Bob Hope's favourite blonde.

In 1941, Madeleine's sister was killed by a bomb in London during the blitz. Thereafter, she devoted her life to working for the Red Cross in field hospitals in France and Italy, and subsequently for the United Nations as a spokesperson, supporter and propagandist on behalf of UNICEF. If anybody wants to read an inspiring speech, I suggest that they read her contribution when, in 1949, she became the first ever female to speak at the international conference of the Rotarians. She spoke about UNICEF and the work that she was doing with children and refugees, many of them severely damaged as a consequence of the war.

Madeleine's contribution was recognised by the French with the légion d'honneur and by the Americans with the medal of freedom. I wrote to the Cabinet Office to ask that she be granted an honour and was told that posthumous awards could not be made. She exemplified the very qualities that we have spoken about today for underpinning the honours system: excellence—she was a world-class, iconic actress of her day; sacrifice—she experienced at first hand the horrors in field hospitals during the second world war; and service to others—she took up a cause that was hugely important but totally unrecognised in the immediate aftermath of the war. Surely the Minister will recognise that such a contribution should be acknowledged and that there should be within the honours system the flexibility to be proactive in singling out people who have made a huge and genuine contribution and who are inspirational figures.

Unusually for me, I shall refer to Lord Hurd's evidence to the Select Committee. The report stated:

"When honours recognise truly distinguished service or outstanding achievement, they can inspire real enthusiasm, reinforce public pride in achievement, and 'make the country feel good about itself' in the words of the Wilson Review. This is particularly noticeable when honours strike a chord with local or regional loyalties."

This honour would strike a chord with local and regional loyalties, as those qualities that I mentioned are essential to enabling deprived urban communities such as those that I represent to give young people values to uphold, recognise, follow and be inspired by. I ask the Minister, please, to look at that issue. I hope that Madeleine's contribution can be truly recognised and that her role in inspiring young people in areas such as mine will live on in their aspirations.

4.45 pm

Mr. Russell Brown (Dumfries and Galloway) (Lab): I am pleased to be able to contribute to this debate. I congratulate my hon. Friend the Member for Cannock Chase (Dr. Wright) and the Public Administration Committee on the report. During the time that it was being put together, I was successful, after three attempts, in securing a debate on the honours system in January 2004. When I first applied before the Christmas recess in 2003, I was told by the Table Office that questions on the honours system were answered by the Prime Minister and that, because my right hon. Friend does not respond to Adjournment debates, it was not possible to have such a debate. Thankfully, that difficulty was overcome, and I am delighted that we have a fully competent Minister here today who can respond to this debate.

I share the anxiety about an apparent lack of clarity and openness in the honours system, and, like many other Members of the House and the wider public, I have some concern about those living in our communities who richly deserve the wider recognition that the honours system could bring, but who have never been honoured.

I pointed out in my previous debate that in December 2003 *The Sunday Times* ran an article on a secret document leaked by a Whitehall whistleblower. Apparently, the minutes of the main honours committee revealed

"the government's obsession with spin and rewarding Labour sympathisers".

I asked at the time, and I believe that *The Sunday Times* should also have asked, whether the system had ever been different under successive Governments.

The hon. Member for Isle of Wight (Mr. Turner) mentioned 1966, or 1967, and the fact that an award was given to the Beatles. I wish to remind hon. Members that awards for purely party political services were discontinued in 1966, but the policy was reversed in the premierships of Edward Heath and Margaret Thatcher, and Sir John Major continued the policy of awarding political honours.

It would be wrong for me to say that no attempts have been made to address the problems in the system. My hon. Friend the Member for Cannock Chase went as far back as Lloyd George, and this afternoon we heard all the sorry tales about the honours system. History is marked with such situations. If anything has remained the same, it must surely be the anxiety and uncertainty about the system.

The 2001 review by Sir Richard Wilson considered how the nomination system had developed during the 1990s. A dedicated nominations unit was established and a standard nomination form produced. Perhaps one issue on which Sir John Major and I will agree is that the system needs to involve more ordinary members of the public, which would thereby

"help increase the recognition of merit of all kinds."

In fact, if there is a common theme on which the majority of people would agree, it must surely be the need to bring the honours system far closer to the people.

In recent years, there has been a fairly significant shift in the percentage of awards to those who dedicate so much time to voluntary work. In the 1994 birthday honours, only one in three awards was given for voluntary service. Thankfully, the figure rose to much nearer the 50 per cent. mark during the next 10 to 12 years, but, if I am absolutely honest, I would much prefer it to increase even more. I would like awards to those dedicated, local people who work in their

[Mr. Russell Brown]

communities to move closer to the 75 or 80 per cent. mark. If we were honest about having a reputable honours system in this country, that would happen.

Kelvin Hopkins: One suggestion I made to the Committee was that all the honours ought to be for ordinary, unrecognised people, not the famous, the powerful and people of status.

Mr. Brown: I agree with my hon. Friend, at least partially. I am sure that we can all recount tales of those working in our communities, whether they work with carers organisations or young children, or whether they are from wealthy or deprived backgrounds, or are disabled. People might have put in many long hours of work for 20, 30 or 40 years, bringing smiles to people's faces and providing community facilities that otherwise would not exist. We have heard such examples this afternoon.

The hon. Member for Wellingborough (Mr. Bone) raised the important point that no one seems to know what happens once an application or nomination is made. It seems to go into some sort of black hole, and sometimes it comes out in a positive manner. If it is refused, no one ever knows why, and that has to stop. People need to know where a nomination is in the current system.

The report brought up a number of points. I notice that my predecessor—Lord Monro of Langholm, formerly Sir Hector Monro—felt that the role of the lord lieutenant should be more significant:

"Much more weight in the CBE-OBE-MBE area should go to the recommendation of the Lord Lieutenant."

He went on to say that he

"had 34 years of experience as an MP and had an excellent relationship with successive Lords Lieutenant. The frustration at the few awards accepted by the Scottish Office was obvious. The Lords Lieutenant know more about local affairs than Civil Servants."

I do not disagree that lords lieutenant know more about local affairs than civil servants, but none of us knows absolutely everything about our communities.

I hesitate to add support to my predecessor's recommendation; in fact, I voice my objections to what he says. I have spent 20 years—11 as a councillor and nine as a Member of Parliament—working in local communities. I know a lot of people. I have had good working relationships with lords lieutenant, but I am not convinced that we should put more emphasis on their views in the selection of people who receive awards through the honours system.

Much was made of Benjamin Zephaniah's refusal of the OBE in 2003, which was mentioned this afternoon. It became clear that refusals are not uncommon. I mentioned earlier that an average of 2 per cent. of nominations are refused on a fairly regular basis. It has become clear that the process of selection for successful nominations needs much greater local involvement. I am keen to see local panels established to assist in the process, perhaps moving thereafter to a committee of senior standing—to use a loose term.

Many relevant points have been made this afternoon about our honours system, the second Chamber in the Palace of Westminster and how we should fund political parties in the future. Some people will say that those are three separate issues, but others will say that all are intertwined. I believe that they are, but in 2006, we need to move towards resolving each of the three issues.

As I did in 2004, I want to make it clear that my congratulations go to all the recipients of honours over all these years. I know that some people are in the system for far longer than others. Some of our sportsmen and women and celebrities—whether they are in the field of art, film, television or whatever—seem to be able to jump through the system far quicker. I have no regrets about that, and I congratulate everyone who has received an honour. However, my hon. Friend the Member for Pendle (Mr. Prentice) talked about six principles. He and I might disagree on those—I might have six different principles—but they come down to two things: openness and accountability.

I close by again congratulating my hon. Friend the Member for Cannock Chase on this report. I am slightly disappointed that the Government have not responded more favourably. I agree with Sir John Major about the need to dispense with the "British empire" element, and I am wholly behind the idea of an order of British excellence. We live in a modern society; we should be treating and rewarding people in a modern way.

References have been made to the British empire. It has a history, of which we in this country can be proud, but it has also had some dark days, which bring offence not only to those in far-flung places, but to some of us in the UK. We need to move towards British excellence rather than British empire.

4.56 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I am happy to take part in this debate. I am also happy to say that I have never previously taken part in a debate on this subject in the 23 years I have been a Member of Parliament. That may reflect the fact that it is a fairly esoteric subject in comparison with the mainstream issues affecting our constituents every day. It is not something that people come to our surgeries about. I say in passing that one thing that has been unsaid, but probably implied, is that those who ask for honours the most are the people least qualified to receive them. Such people certainly exist.

This debate testifies to the benefit of the Select Committee system. I sense that, in this Parliament, we are moving away, as others have done, from the plenary, general debate as a way of holding Government to account, and towards the Select Committee system as an ever-more strongly effective way of doing so. I welcome the fact that the organisational structure of Government is becoming clearer. The Cabinet Office is a slightly anomalous Department and has had a slightly anomalous recent life, although that is no fault of the Minister. In future Government reshuffles I hope that some logic is applied to departmental order, instead of just to accommodating people anywhere. The Department for Constitutional Affairs is the logical place to deal with the issue of honouring people, if civic society is to be well organised.

Although the subject may not be a central issue of British life, it commands a lot of interest for reasons of which everyone present is aware. I would like to subscribe to the common theme everyone has

enunciated, which is that there are three core issues before us. As the hon. Member for Cannock Chase (Dr. Wright) made clear, it has taken two years for this report to gestate into a current political issue in the wider polity. There are three linked issues: reform of the honours system, reform of the House of Lords and reform of party political funding. They are absolutely interlinked, and I am glad that they are all on the agenda.

If there is a judgment to be made of whether people support the Select Committee proposals or those of Sir Hayden Phillips, I am clearly in favour of the Select Committee's recommendations. Its radical approach is the right one. It is not the Minister's fault, but I am disappointed that the Government have given such a lukewarm response to it. I sincerely hope that the Minister will be positive about the fact that we need a significant move forward to get the honours system right for the new century. That does not mean that we do not recognise the value of those who have been honoured in the past, or the past honours system.

There is no inconsistency in saying that it might have been appropriate for someone to receive the Order of the British Empire in 1920 or 1950, but that it is not appropriate in 2006. That does not devalue what people have received; it means valuing what people are now, in a modern society. I hope that that is clearly understood. Whatever we might think of the way that honours have been given in the past, just because there is a proposal that there should not be automatic honours for certain people in the services or for people in certain diplomatic missions—and there should not be—that does not mean that some who got those honours in the past were not deserving of them for doing a specifically good job in the services or the diplomatic service. I am not nervous about saying that we should move on. In my book, it does not collectively undermine the people who have been honoured in the past. That should not be an argument against change.

We have got into a terrible muddle constitutionally. People should not be put into a legislative House of Parliament as an honour, but to legislate. That is the only justification for being there, and getting there is itself an honour, and I hope that we will reach a conclusion. We will have the debate about the reform of the House of Lords. I have always had a clear view that it should be predominately elected, although I think that there might be space for nominated people, for obvious reasons, in a non-partisan way. People should not be put in the House of Lords as an honour; they should be there to take part in the legislature of a modern British constitution. In that case, it probably should not be called the House of Lords, but the senate, the second chamber or the upper House. There are plenty of perfectly modern phrases that could be used to describe it.

The options are an honours commission, a set of committees and sub-committees that are chaired by people with honours, however eminent they are, and the lords lieutenant doing their job. I have met a few lords lieutenant in my time. They may be good and honourable people, but I have never had the impression that they are representative of the common people. They seem to be of a particular background and type, by and large.

Kelvin Hopkins: Very rich.

Simon Hughes: No. For example, the lord lieutenant for Greater London is Lord Imbert, the former Metropolitan Police Commissioner. He is a relatively unusual lord lieutenant in terms of background and pedigree, and is well respected throughout Greater London. By and large the lords lieutenant are not necessarily the people who would be most capable of knowing what was going on and who were the right people to be involved.

I support the idea of an honours commission to which people can make nominations, including political parties and the rest. We can discuss how it will be formulated. I agree that it should not be a quango, so that we end up with all sorts of people who are already eminent.

There is a truth in what the late Anthony Sampson said both in his original "Anatomy of Britain" and in his last book, written just before he died. If one looks for where the power lies in Britain, one discovers it in a small number of places with a small number of people, disproportionately concentrated on London and the south-east and among those who know the others who have power and influence. We have an opportunity to break out of that circle and to honour the people in our communities.

The hon. Member for Dumfries and Galloway (Mr. Brown) is right. Honours are more valuable and important in local and regional communities for people who are respected from the bottom up, rather than those who are spotted as valuable from the top down. Such credit is given, on occasion. Gary Stannett, a guy in my constituency, got an MBE for his youth work integrating disaffected kids who are difficult with really good kids, and making sure that we have a much more effective way of dealing with antisocial behaviour. He is about 30, and has done valuable work. He would never have dreamt for a moment that he would have ended up with an honour for that, but just did that work from the time he left school.

There are some difficult issues about how to get the balance right. I share the view about volunteers who carry out community service, as other hon. Members have mentioned. Some public servants should be honoured for going above and beyond their call of duty. Of course, people should not get an honour just for doing their job, but if they do their job particularly well or excel, that is justification—whether they are a teacher, a school keeper, a head teacher, a school governor or anybody else. The community beat police officer who had never wanted to be promoted would be another example.

We should not bestow additional honours on those of us who are honoured by getting through the democratic political process. Councillors, Members of Parliament Members of the Scottish Parliament, and so on, are honoured by virtue of their posts. There should not be additional honours for having got there in the first place. Those people have plenty of rewards and I hope that we are clear about that.

[Simon Hughes]

People in the public sector who perform over and above the call of duty should be honoured; so should many in the voluntary sector. Those in the private sector who do more than line their own pockets and make profits, but who contribute as innovative entrepreneurs should of course be honoured. People in the political sector who are not elected should also be honoured. I can think of people who have worked for political causes—cross-party, no party or party causes—who deserve to be honoured. They are the sort of people whom we all know, who have never sought elected office but have worked for no reward for political causes, voluntarily flying the flag—I am not trying to be partisan, but for the Tories, for instance—for years in an area where their party has been little represented. Many people ought to be rewarded for such contributions to public life and for ensuring that democracy works. They should not be excluded.

I want to make one other plea. Team awards, such as the Queen's awards for industry, are often not recognised as being of the same merit. The Queen's awards are about the only recognition of that kind. I nominated a local charity, XLP in Southwark, for a Queen's award for the voluntary sector, which it got. XLP was hugely deserving of the award and was pleased. Such an award does not offer a financial benefit, but I hope that we might award corporate awards to sports teams, other teams, the voluntary sector and business, as well as personal awards. There seems to be scope for those.

I have a clear view on the question of OBEs: we ought to make the proposed change. The order of British excellence seems a simple and easy way forward, and a comfortable transition. If we could unite around that, that would be helpful. I like the idea of extending the Companion of Honour and getting rid of all the knighthoods. It is a little like the middle ages still to be giving people knighthoods. Let us pause to think for a minute about knights and dames—it is like a cross between Robin Hood and the pantomime. I am not disparaging people who have those honours, as that was what was available at the time, but we ought to move on and have a more modern system.

I made the point earlier that if somebody who is married is made a knight, their other half gets a handle. That does not work the other way around, which seems bizarre, ridiculous, sexist and old-fashioned. There ought to be more attention to diversity. It is getting better. The commission would need to be diverse, and it should be particularly attentive to diversity. I am talking about diversity in terms not only of gender, ethnicity and religion but of geography. That is important. There has to be an attempt to ensure that the honours system reflects the fantastic diversity of this country and its traditions, as well of all four countries of the United Kingdom and their traditions.

The last point that the hon. Member for Dumfries and Galloway made is absolutely true. People nominate people, fill in forms and expend a lot of effort. Sometimes they approach MPs and ask whether we will nominate someone, and we do so. Nothing more is heard. As far as I know, that has not changed. Whichever system we use the answer might be no, but somebody should get a courteous letter telling them that their nomination has been considered and that although the person might be very worthy nothing can be done with the nomination at the moment, as well as advising them to feel free to nominate somebody in future. At the moment, it is a sad end to an effort to recommend other people. Such changes would be worth while.

I thank the Minister for listening. I hope that he will go away and talk to his colleagues and even to the Prime Minister. I hope that he will say, "Prime Minister, as part of your legacy, you are going to do all these things. You are going to reform the House of Lords, reform party political funding and sort out the public services, which would be wonderful. But let's also get the honours system sorted. Be bold, be brave, be radical and we will end up with a good honours system that is robust and fit for the new century."

5.9 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): I congratulate the Committee on its report. We are indebted to it for such a detailed piece of work, but, as the hon. Member for Pendle (Mr. Prentice) said, it is a shame that it has taken from its publication in July 2004 until now for us to debate it.

Quite a lot has happened since the report was published. The hon. Gentleman mentioned the recent scandal—or at least public concern—over cash for peerages. The police are investigating the matter, so it is perhaps not for me to go into the detail. However, what has appeared in the media has alarmed the public, so it is right that we should also consider the issue in the context of Lords reform and reform of party political funding.

I agree with the hon. Member for North Southwark and Bermondsey (Simon Hughes) that we should have a second Chamber, upper House or whatever one wants to call it with a substantially elected element. I also agree that there is a role for some appointment, but substantial election would help with the package of issues that we are discussing.

The Conservative taskforce, which my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) is chairing, is looking at a range of constitutional issues, including those three. My remarks will be coloured somewhat by the fact that he might make recommendations that we shall want to consider as seriously as we do those that the Committee has made.

The Committee's report is good on how one might want to improve the procedures, and the Government have gone some way in meeting its points, but the disappointing thing, which received some publicity at the time, is the controversial idea of ending appointments to the Order of the British Empire and phasing out knighthoods and damehoods, and replacing them with an order of British excellence. My hon. Friend the Member for Rutland and Melton (Mr. Duncan) was my party's spokesman on the subject at the time. He described the proposal as a lot of trendy nonsense and a recipe for a "bland and boring" system.

It is right to have proper procedures and to get away from political nominations, but to deny our history and to pretend that we are a young country with new ideas and that we have to forge a new constitution, which seems to be the politically correct idea behind the proposals, is a lot of nonsense. We are an ancient

country and we have a lot of ancient traditions. People like honours, so why be a party pooper? The Committee has got that wrong—subject, of course, to what our taskforce says.

The Government have done well in their response, saying that the Order of the British Empire continues to play a well-understood and, in terms of numbers, predominant role in the honours system. They point out that 120,000 people have one and say:

"A number of existing members of the Order have said that they would be dismayed if there were serious moves to stop new appointments to the Order now, or in some other way to show that it had no continuing place in the life of the nation."

The Government alighted on the common sense of the situation, and I am glad that they decided to opt for continuity and tradition rather than radical upheaval. I also agree with their conclusion on knighthoods, which they are right to say play a

"well-respected, understood and valued part in our national life."

We have had a good debate today, and the point that my hon. Friend the Member for Wellingborough (Mr. Bone) made about people who have made a lengthy contribution to political parties locally was well taken. A lady in my constituency who has worked for the Conservative party her whole life has been awarded an OBE. In terms of encouraging people to participate in politics and make a difference, it is good to set such people up as role models and say, "Here's somebody who has devoted their life to a cause they believe in. They've tried to make a difference and this is something that is good for our nation." Of course, that applies equally to other parties.

I do not want us not to honour people in the political field, but I agree with my hon. Friend that the foot soldier who goes the extra mile should be recognised. *[Interruption.]* I hear a comment, sotto voce, about that also being true in Scotland, and I agree. My hon. Friend the Member for Isle of Wight (Mr. Turner) also set out some important principles, and some excellent points have been made from all parts of the Chamber.

It is right that we should take a more proactive approach to seeking out those who merit an award. There is probably an element of truth in the point about metropolitan elites, so if we can move to a process that finds the people in the region or locality who genuinely deserve to be rewarded, we should. It is fair to say that John Major, who has been mentioned, started that process. He was committed to trying to spread the honours and to encouraging awards for people who had made a notable contribution locally.

The Prime Minister's announcement in March that he would give up the right to nominate people for honours—the so-called Prime Minister's list—is to be welcomed. That is also something that the Committee recommended. We support the Prime Minister's decision, although wonder why he chose that moment—perhaps it was just convenient for him. Members of the Committee will be aware that other changes have been made. I do not want to go through them all, but the Government have moved somewhat.

What should the principles be? The first principle must be that honours should be based solely on merit. As has been said, they should not simply be a reward for long service. The Government said that, for long service, the question should be whether a person has gone the extra mile and, for achievement, whether they stand head and shoulders above their peers. That is a good way of putting it, and it is also a point that John Major has always made. In his 1992 review, he was keen that merit should be the touchstone. There has been a considerable increase in the honours awarded for voluntary work since then, and the proportion of state servants in the list has fallen from 20 to 15 per cent. over that period. John Major can be proud of having started that process, but there is a lot more to do.

Secondly, the system must be free from any corruption, or even the appearance that there might be an element of corruption. I hope that we can do more on that.

5.18 pm

Sitting suspended for a Division in the House.

5.33 pm

On resuming—

Mr. Heald: Someone who donates to a political party should not be debarred or disqualified from receiving honours, but should merit the honour in their own right.

The Committee was rightly particularly strong on the question of maximum transparency in the system, and I have paid tribute to John Major's work in that field. Honours play a key part in our national life. They provide colour and embody some of our best traditions as a nation. I agree with the Committee that there is a case for improving the procedures that underlie the system for nominations, and for adding awards from time to time, but I hope that the Committee will accept that its more extreme proposal is, perhaps, best forgotten. We will see what it says in its latest report.

Finally, I should mention the Duke of Edinburgh award scheme, which has united the nation and helped young people. The scheme, which provides an example of the best parts of the honours system, is 50 years old this year.

5.34 pm

The Parliamentary Under-Secretary of State for the Cabinet Office (Mr. Jim Murphy): I am delighted to have this opportunity to respond to the debate, which has been remarkable in its tone. That is probably down to the way in which my hon. Friend the Member for Cannock Chase (Dr. Wright) introduced it; he helped to influence its tone and content. I do not think that it is controversial to say that, at times, it has been more of a conversation than a debate, which is not a bad thing.

I pay tribute to my hon. Friend the Member for Dumfries and Galloway (Mr. Brown) without whose perseverance I would not have the honour of responding to today's debate on behalf of the Prime Minister. I think that we all congratulate him on that.

We are short of time in our deliberations this evening, but I, like other hon. Members, want to pay tribute to one outstanding individual in my constituency: the Rev. Ernest Levy, MBE. In the nine years that I have been in Parliament, my proudest moment was hearing that he was to be honoured, because I nominated him. The reason why I nominated him—more than once—was that he survived seven concentration camps and then

[Mr. Jim Murphy]

dedicated his entire life in Scotland to encouraging reconciliation and promoting dialogue between people of the Jewish, Christian, Muslim and other faiths. He has visited hundreds of schools throughout Scotland, and continues to do so. His case is one of the many fantastic examples of an honour being rightly awarded.

I turn to the issues raised today. If any hon. Member feels that I have not responded to all of the local points that they made, I will happily write to them, if encouraged to do so, with more substantial and specific responses. The hon. Member for Wellingborough (Mr. Bone) asked about a constituency matter. I confirm that the list submitted to Her Majesty is limited to 1,000 names per annum. That is the established upper limit on names that can be submitted. By custom and practice, Her Majesty takes a personal interest in literally every one of those nominations, so that is considered to be the appropriate number to enable such genuine involvement and engagement from Her Majesty.

The hon. Gentleman quite rightly did not mention the name of his constituent, but requested that I should take some interest in the case. This is quite a difficult issue, in that some hon. Members say that we should have more political involvement and some that we should have less. It is therefore difficult for me to promise to fast-track any application, because that would be inappropriate. If the hon. Gentleman wants to identify the individual concerned to me outside of our deliberations, I will certainly ensure that all the relevant processes are followed appropriately. That is the right thing to do.

My hon. Friend the Member for North Swindon (Mr. Wills), who is no longer present—I know that he cannot be with us—raised a point that was followed up by other hon. Members. He asked whether awards should be for service or achievement. A related issue in which I am most interested and have taken a keen interest is the way in which that affects the gender balance, or imbalance, in our awards system. If awards are given simply for achievement or position in a society in which, despite substantial progress in recent decades, position and power are still disproportionately allocated between men and women—if we reward simply status and people who have held official positions—the system will have an in-built bias towards men. However, there has been some important progress in that regard in recent years, as we have increased the emphasis on awarding honours to those who work in public services and the voluntary sector.

An important point that many have picked up on is the need to award the higher honours to those who work locally but who act as examples nationally. That is the distinction that the Government draw; we are talking about local action from which people can draw national inspiration. For example, 49 teachers were on the new year honours list of 2006. Hon. Members have spoken about head teachers; only one has been made a dame. Some 20 per cent. of honours go to those in the health service and education, and almost 40 per cent. of awards go to those working in local services and the charitable and voluntary sectors.

5.39 pm

Sitting suspended for a Division in the House.

5.49 pm

On resuming—

Mr. Murphy: With your agreement, Mr. O'Hara, and with the understanding of hon. Members and the Chairman of the Select Committee, I shall make some brief comments and then write to everyone who attended, entering into specific points and responding to practicalities.

I have two quick points to make before I finish. We were asked about diversity. A Cabinet Office leaflet encouraging take-up has been distributed to post offices and libraries across the United Kingdom. It makes the point about diversity and is about making the system more accessible. I do not believe that it is in our post office here in the House of Commons, and I am not sure whether it is in our Library; that is a gap, and we will make sure that that is put right as a consequence of today's debate, and that that publicity is there.

Finally, I thank hon. Members for their attendance and their thoughtful contributions. I particularly thank the Select Committee and my hon. Friend the Member for Dumfries and Galloway, to whom I referred earlier. Today's debate is part of a general evolution of the system of honours and of the political process, and our debate and the Select Committee report is part of that. Centuries of evolution, and recent decades of progressive change, can and should continue. We have heard the possible agenda for that future reform and evolution today. With that, I thank you for your perseverance this afternoon, Mr. O'Hara.

Question put and agreed to.

Adjourned accordingly at nine minutes to Six o'clock.

Westminster Hall

Tuesday 2 May 2006

[MRS. JOAN HUMBLE *in the Chair*]

Latin America

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. McAvoy.]*

9.30 am

Mr. Bob Blizzard (Waveney) (Lab): I am grateful for the opportunity to raise the profile of Latin America in the House. There is growing interest in Latin America among Members of both Houses, as evidenced by the attendance that we have had at some meetings of the all-party Latin America group and by the increasing number of groups being formed for individual countries in Latin America.

It is timely to focus on the strategy of the Department for International Development, because my understanding is that this year, 2006–07, DFID will review its regional assistance programme. It has certainly promised to do that. Initially, however, I shall talk about why Latin America is important and why DFID and the Government in general should be interested in it. It is sometimes said that Latin America is not a traditional area of influence for the UK. We have relatively little in the way of former colonies or territorial interests in the region, and some of the old pre-war links—we used to build quite a lot of infrastructure there—are not what they were. However, it would be a major mistake to marginalise our interest in Latin America, and I shall give five reasons for saying that.

The primary reason for DFID being involved in Latin America is that 57 million people there still live on less than $1 a day, and 132 million people live on less than $2 a day, amounting to 26 per cent. of the population. The aim of DFID's strategy is to contribute to the achievement of the millennium development goals. However, even the best current projections for 2015 are that Latin America will fail not only on the poverty measures that I have just mentioned, but on maternal mortality, infant mortality and HIV/AIDS outside Brazil. All too often, it is the indigenous and black people of Latin America for whom those targets are least likely to be met.

With the exception of Nicaragua, the countries of Latin America are classified as middle-income countries, albeit Bolivia and Honduras just creep into that category. However, the point about the countries in that part of the world is that they are extremely unequal. Half the world's 20 most unequal countries are in Latin America. That has an effect on crime: half the world's 10 most violent cities are in Latin America. We may be dealing with middle-income countries, but there are still huge numbers of poor people in them. As I said, 57 million people—a lot by any standard—are in absolute poverty. We will not achieve the millennium development goals worldwide if we do not deal with the situation in Latin America.

Mr. Oscar Schiappa-Pietra is executive director of Peru's agency for international development aid co-operation. I had the privilege of meeting Mr. Schiappa-Pietra in Lima when I led an Inter-Parliamentary Union delegation in February. He wrote something very relevant about middle-income countries in a foreword to DFID's publication "Alliances Against Poverty: DFID's Experience in Peru 2000–2005". Of the middle-income country classification he says:

> "This is a label that greatly over-simplifies the complex socio-economic and political realities of countries like Peru . . . middle-income countries are often getting the worst out of globalization, because they are being left aside from much needed ODA"—

official development assistance—

> "resources while still unable to compete in either the knowledge or the low-wage economy . . . the shift in classification from poor country to middle-income country misses an understanding of the transitional stage of internal adjustments such as those aimed at generating a more equitable allocation of resources and wealth."

DFID has particular knowledge and expertise to be able to address that problem. With such a vital role to play, DFID has to be active in Latin America.

The second reason why we should be interested in Latin America is that we can make a difference in helping that region to make progress. When I return from visits to Latin America, I am always optimistic about the region. Indeed, I am much more optimistic than I am when I return from some of the visits to Africa, where the situation in some countries is quite difficult. We are right to be involved in Africa, but one sometimes returns quite pessimistic about the prospects there.

In Latin America, the institutions are often better and stronger. Yes, there is corruption, but it is not as bad as in Africa. There are not wars and conflict on the same scale as in Africa. There is armed conflict in Colombia, but we are not talking about Darfurs, DRCs and so on in Latin America. Nor is there the scourge of international terrorism in Latin America. Above all, what makes me optimistic about the region is the great advances that there have been in achieving democracy. We are seeing many elections this year in Latin America, and in country after country we are seeing orderly, free and fair elections. That is not the case in every country, but it is in most of them. Recently in Bolivia, there was a very orderly and fair election; no one is challenging the result. The first round of elections in Peru was very close. People had to wait a week or two for the result, but the situation is being managed. That is very encouraging when one considers that it was not that long ago that many of those countries were being ruled by the military.

The third reason for regarding Latin America as important is that it has huge growth potential. Indeed, many of the countries have been experiencing substantial growth in recent years as a result of high commodity prices, although sadly that is not being translated sufficiently into poverty reduction. We as a country should not miss the opportunity to be involved there through trade and inward investment for mutual benefit, especially as the region contains countries with worldwide political influence. We ignore those countries at our peril. The most obvious example is Brazil, but there is also Mexico. Chile is important, too: it is a remarkable success story of economic progress and stability. If we do not take the opportunities in south America, China will. In fact, China is already moving in there in quite a big way. It is therefore important that we are in the region.

[Mr. Bob Blizzard]

The fourth reason is that many of the countries in south America want a strong relationship with the European Union to balance their political and trade relations with the USA. Given our Government's attitude towards trying to end EU protectionism, common agricultural policy reform and the type of deal that we are trying to secure from the Doha World Trade Organisation round, we are probably Latin America's best EU partner, if only more people would realise that. Many people and politicians in Latin America do not realise it.

I was fortunate enough to attend a conference of parliamentarians from all over Latin America last November in Buenos Aires, and I told the conference of our Government's efforts during the presidency of the European Union to tackle the immorality of the fact that in Europe we spend $2 a day per cow when 130-odd million people in Latin America live on less than $2 a day. After I had spoken, an Argentine politician passed me a note. She said:

"Your words are very good news for us. The media in Argentina haven't given information about this position. (We didn't know the English proposal about subsidies.) Thanks for this. Good information is one of the biggest needs we have. Sorry for my English."

I have to say that that lady's English was a lot better than my Spanish. I found those words quite encouraging, coming from an Argentine parliamentarian.

That leads me to a further point: how we as a country are all too often seen by the people and the politicians in Latin America. We are sometimes, sadly, seen only as America's partner in Iraq. As we know, people in south America do not particularly like President Bush and did not agree with the invasion. We therefore have a job to do to enable people in Latin America to see us as we really are, leading the world, as we did through the G8, on debt relief, increased aid, getting a fair trade agreement at the WTO, tackling the millennium development goals and devising the international finance facility. That is the position that we need to establish clearly in people's minds in Latin America, but we can do so only by being involved. Our one advantage is that, despite everything else, we are still respected for the quality of what we do, as we are throughout the world.

The fifth reason we should take Latin America very seriously concerns drugs. I shall say more about this later, but we should remember that the world's three biggest coca producers are all in south America: Columbia, Peru and Bolivia.

I now turn to DFID's regional assistance programme. There has been a major change in the way DFID operates in Latin America. It has moved away from bilateral country-focused assistance programmes to more strategic involvement, working with the World Bank and the Inter-American Development Bank. That change, along with the closure of offices in Peru and Honduras and the closure of our embassy in Paraguay, has led to a charge that the Government are withdrawing from Latin America.

It is sad and disappointing when programmes close. I read what was achieved in Peru concerning citizenship and governance in "Alliances Against Poverty", and it is sad to see that coming to an end. When I was fortunate enough to lead an IPU delegation to Brazil in 2003, we saw first-hand some of the work going on through DFID in the north-east of that country to help poor and excluded people to gain confidence to pursue their rights in a responsible way. When we made a more recent visit to Peru in February, the Prime Minister of Peru, Mr. Pedro Pablo Kuczynski, told us straight, "It is not aid we need. We do not need aid; we have got a lot of money now from the commodities that we are selling. What we need is knowledge, expertise and technical support."

The more I have examined DFID's new strategy and the more I have learned about Latin America, the more I think that the new approach could be even more effective, if it works. DFID's knowledge and expertise in exerting influence on the way in which the World Bank and the IDB work in Latin America has great potential to focus efforts more successfully on poverty reduction, which is a job that needs doing. That process relies on DFID's great strength in the world; wherever I have been, I see DFID punching above its weight, using its high-quality reputation. I met staff who were working out of the Andean office in La Paz, and I pay tribute to the work that they are doing.

There are two huge challenges involved in the new strategy. The first is the challenge of being able to influence international financial institutions—the IFIs—such as the World Bank and the IDB. It will be a challenge to get them to use their money in a sufficiently transparent way, to use it more thoughtfully and to aim it more effectively at poverty reduction. This is a matter of widespread concern. The Minister and other hon. Members will know of the international parliamentarians' petition for democratic oversight of the World Bank and the International Monetary Fund. Across the world, 55 Parliaments have been involved with the petition; I do not have the latest figures, but when I last looked, there were well over 1,000 signatures. I am delighted that 365 of those came from Parliaments in this country. That is a major challenge, but it needs to be taken on.

The second challenge is to overcome the growing disaffection and mistrust of the IFIs that so many people and politicians in Latin America share. Politicians, civil society groups, trade unionists in Latin America and international non-governmental organisations have documented many examples of misconceived schemes, often agreed between the IFIs and discredited former leaders with little or no transparency or accountability and no involvement of parliamentarians or community representatives, or with loan or trade conditions that destroyed local livelihoods and, in some cases, wrought macro-economic damage. As a result, the Washington consensus reforms of the 1990s are widely seen as a failure in Latin America because of their lack of impact in reducing poverty.

In that part of the world, there is now a deep suspicion of globalisation, privatisation and labour market reform, but from a wider historical perspective, one can see that the region needs to find acceptable ways of becoming less protectionist and expanding trade because of some of its past failings. Politicians from all over the region now regularly condemn neo-liberalism, which is chiming with electorates. We have seen that in the results of various elections, most recently in Bolivia and currently in Peru, where such messages are well

received by people and reflected in the way in which they vote. I have to say, however, that some commentators have been very simplistic in painting all the leaders on the left as being the same and representing some sweeping direction. There is a world of difference between Chile, Bolivia, Brazil and Venezuela.

It is worth remembering what Ricardo Lagos, a centre-left moderate by Latin American standards who was until recently the President of Chile, said when he came here for the conference on progressive governance in 2003, in a speech entitled "A View from the South":

"We've completed all the tasks assigned to us by the so-called 'Washington Consensus' . . . Nevertheless, the fact that Chile has completed these tasks does not necessarily mean that the Washington consensus is correct . . . In Chile, we were able to stick to the Washington consensus because in addition to it we did other things, and this is what really made the difference . . . if you are going to have growth, you need public policies that ensure that growth will be enjoyed by the many. If not, then you are on the wrong track. In the long-term, if you are not creating a cohesive society you will be defeated. This is what I think has happened in most American countries."

Those are very wise words.

However, the UK has the credentials to help to overcome the deep suspicion of IFI policies that exists throughout Latin America, which clearly influences the attitudes of some Governments. My first reason for saying that is our policy on conditionality—particularly trade conditionality. That was best expressed by the Secretary of State for Trade and Industry in his "Wall of Shame" speech of last October. He said:

"We have seen all too often before how the World Bank/IMF 'one size fits all' shock therapy prescription has produced macroeconomic instability, rising unemployment and profound inequality. Societies and economies have been left dislocated . . . we must not force liberalisation on developing countries . . . we must leave it for them to decide the 'what, when and how' of their market openings."

Those words will be very well received in many Latin American countries. My second reason is our policy on aid conditionality, clearly set out in DFID's policy paper of March 2005, which places an emphasis on genuine, bottom-up poverty reduction strategy papers, not the imposition of conditions.

Another thing that will encourage people is our stated policy of trying to reform the World Bank and the IMF. DFID produced its first report in 2004 on its dealings with the World Bank, and committed itself to using a seat on the board to gain reform. The Treasury has taken a similar stance regarding the IMF. I have mentioned our stance within the EU of wanting better access to markets for poorer countries, including those in Latin America, which I also believe would be well received.

Above all, however, I emphasise the stand we have taken in the world in taking the heavily indebted poor countries initiative forward, from which Bolivia, Nicaragua and Honduras have benefited, our historic stand in the G8, which resulted in the Gleneagles agreement, and the efforts of the Chancellor in the devising and promotion of the international finance facility to help to achieve millennium goals. The really good news is that Brazil signed up to that, in relation to HIV/AIDS, during President Lula's recent state visit.

Having said how our involvement in Latin America could help to overcome some of those suspicions, I would like to ask my hon. Friend the Minister some questions about where we have got to in relation to some of the issues I raised. What progress have we made with the World Bank on decentralisation of programmes and on increasing stakeholder participation in the design of the poverty reduction strategy papers? Have we got anywhere in achieving parliamentary oversight and modification of those programmes? Have we managed to gain any ground in achieving stronger representation on the World Bank board for the poor recipient countries? People have asked for a parliamentary role in the selection of its executive director and other equivalents throughout the world. Have we got anywhere with that? There have been calls for external auditing of World Bank operations and recorded votes at board meetings. Have we got anywhere on any or all of that?

How do we influence the IDB when we do not have the same representation on the board as we do on the World Bank? It seems that the IDB, on which Latin American countries have strong representation, has the right goals; but, again, they are not being sufficiently translated into poverty reduction.

What is the overall process for monitoring the strategy of the regional assistance programme? Is DFID planning to publish annual reports? How do we know if the strategy is succeeding? How does the European Union programme for Latin America fit into that? The EU spends about $375 million a year, so how does it fit in, and how are we trying to invest that EU spend?

I urge my hon. Friend the Minister to do all that he can in the Department to encourage regional integration in Latin America, particularly in terms of transport and energy infrastructure. It is really lacking. Out there, one notices the absence of such transnational infrastructure. There is much suspicion between countries about going down that route. There is outright opposition in some quarters, which see it as some kind of neo-liberal plot.

I hope that there is a lesson to be learned from the European Union. EU integration has actually benefited the poorer countries most. Countries such as Portugal and Spain used to be poorer than Argentina and Brazil. Now they have come up in the world, and I suspect that the EU has played a big part. It is a strong argument to put to people in Latin America, and I hope that DFID can do so.

There are some very good UK non-governmental organisations working in the region. I recently visited a project run by the Action for Brazil's Children Trust in Recife in north-east Brazil. I saw an excellent, high quality and sustainable scheme, which works with a local partner. The ABC Trust runs five schemes and supports 13 others in Brazil. In Peru, we learned about the work of the Vine Trust, a Scottish based charity that has provided several millions of pounds in cash and volunteer medics and doctors who have gone out there. The trust has a medical boat called the Amazon Hope, based at Iquitos in Peru. It travels throughout the Amazon, bringing valuable medical care to thousands of people who would otherwise have nothing. When we were in Peru in February, a second boat, which had had a £1 million refit, was on its way from this country to join it.

Such initiatives are wonderful, and I wonder what DFID is doing to support that sort of work. It makes a real difference and it helps to build the good relations

[Mr. Bob Blizzard]

that we need. The regional assistance programme says that DFID will provide increased funding for international NGOs. Will my hon. Friend the Minister provide any details about how we support such organisations?

The issues surrounding drugs in Latin America, as in other parts of the world, can undermine all that DFID tries to do. For example, coca and the cocaine system in Latin America impact not only on the economies of those countries, but on their environments and social cohesion. They can bring death and violence throughout the world. The authorities in Peru told us clearly that coca production is on the increase again in Peru. President Morales, who was recently elected in Bolivia, says that he wants his coca growers—he was a coca grower leader—to be able to grow more coca not less. Policies such as crop eradication, which have been tried, are now politically unacceptable to most politicians in Latin America because of the economic hardship that they have brought to coca growers who then rise up and, as we have seen, can sometimes overthrow Governments.

Crop substitution has been tried and does not work either, because the economics of it are not right. Farmers can get more from growing coca than they can from other crops. Our best bet is intelligence-led intervention in drug trafficking. We as a Government have overseas drug liaison officers in several Latin American countries. They are under the direction of the Serious Organised Crime Agency. However, when we were in Peru in February, we were astounded to learn that the two drug liaison officers based in Lima were being redeployed in April to Colombia.

Jeremy Corbyn (Islington, North) (Lab): Will my hon. Friend confirm that in Bolivia, President Morales takes the position that coca is to be grown for traditional use, essentially as a palliative chewing agent, rather than for conversion into hard drugs that end up on the streets of north America or Europe?

Mr. Blizzard: Absolutely. President Morales believes that there are markets for the traditional uses of coca. When I stayed in La Paz, our ambassador gave me up a cup of coca tea. Apparently, it is very useful for adjusting to the altitude. Coca has medicinal purposes, and it has traditionally been chewed. At the inauguration of President Morales, I saw many of his deputies sitting in rows, and in front of them were piles of coca leaves, which they were chewing. It is a traditional part of the culture, and the President has initiated a study to find out where those new markets could be. The fear is that those markets do not have enough capacity to consume all the coca grown, and though not intended for the illegal markets, it may end up there. We will need to be vigilant to ensure that it does not.

Above all, now is the time for more work by drug liaison officers. SOCA told me that it redeployed the two officers from Peru to Colombia because Peruvian cocaine does not come to this country, and most of the cocaine that does comes from Colombia. That is different from what we were told in Peru, but I do not have the factual evidence to challenge SOCA. However, it strikes me that rather than deploying from one country to another, we need increased presence in all those countries. There is so much coca going from Bolivia, Peru and Colombia through Brazil and other countries and into Europe. What happens to it then, I do not know.

The drug issue is important not only for us, but for the well-being of the countries that we are trying to help. I hope that DFID will have some conversations with SOCA to find out how its drugs work can complement the Department's strategy.

Section D18 of the regional assistance programme states that DFID

"will co-operate with the British Council in its work on governance issues in Latin America".

The British Council does tremendous work throughout the world, and particularly in Latin America. In the past five years, it has sent 1,300 Chevening scholars to the UK. That has had all kinds of advantages for those scholars, their countries and our country, as experts and teachers are sent on exchanges in both directions.

I hear that the British Council is reviewing all aspects of its work in Latin America, and one of the likely outcomes is the closure of our presence in Peru. That would send the wrong message; if we were seen to be withdrawing, that would make the challenges that I have outlined even more difficult. I support the new strategy, but its total effect on Peru is that we have closed the DFID office, withdrawn drugs liaison officers and may withdraw the British Council. Peru is the third largest country in south America.

DFID's document on regional assistance plans contains a good appraisal of the risks of the new strategy, one of which is

"a risk that we may lose credibility due to our more limited country presence."

We risk losing credibility in Peru, a country that receives more tourists and travellers from this country than from any other in the world other than the United States. There is great potential in Peru, and I hope that we shall consider how the issues add up there.

I conclude with an even more important point. The regional assistance plans are reviewed this year, and we must make sure that what has happened in Peru does not become the shape of things to come across Latin America. I hope that the Minister can reassure me on that. I have demonstrated that I want the new strategy to succeed. Some have said that it is a kind of fig leaf for withdrawal from the region. I do not believe that; I believe that the strategy is good and right, and I want it to succeed.

However, if it is to do so, there must be no more decline or withdrawal. We know that extra resources had to be diverted to Iraq for reconstruction. Many of us did not support going into Iraq, but we are there and have to reconstruct, so we understand why those resources were necessary. Hopefully, things will get a bit better in Iraq and we may be able to withdraw; will there then be scope for improving resources in Latin America or putting back in place some of those that we used to have there? We need to assure everybody that our involvement in Latin America is substantial, long-term and succeeding. If we can do that, we will be on the right track.

During his state visit to this country just the other week, President Lula said:

"This state visit opens a new chapter in relations between our Governments and societies. We now have the chance to join forces in order to face the various challenges presented by the contemporary world."

We should make that true for Brazil, and for Latin America as a whole.

10.3 am

Jeremy Corbyn (Islington, North) (Lab): It is a pleasure to follow my hon. Friend the Member for Waveney (Mr. Blizzard). He is chair of the all-party Latin America group; I am one of its vice-chairs and a member of a number of other groups on Latin American countries.

In those groups, we have had many learned discussions about the need for debates on Latin America, and everybody at the meetings says that it is a terribly good idea, but unfortunately they have not been able to carry it into practice by actually turning up for this debate. That is a matter of deep regret, but I am sure that they are all busy dealing with park benches in the local election campaign.

It is excellent that we are having this debate, which we have to put in the context of the incredible poverty that still exists in Latin America. The business pages often learnedly refer to Latin America as being made up of middle-income countries. Indeed, when arriving at any Latin American capital city, one finds a very European feel about their centres and business districts. The languages spoken are European, the businesses are often owned by European or north American companies, and there are high standards of living. However, we do not have to travel far outside those capital cities to see the poverty, the discrimination behind it and the sense of social dislocation that it brings.

My hon. Friend referred to the election of Evo Morales as President of Bolivia, which is significant because he is one of the first leaders to be elected in the region who is not of European descent and whose first language is not European. He represents an interesting and powerful social phenomenon throughout Latin America.

There is terrible poverty throughout the region: 26 per cent. of the 524 million population of Latin America and the Caribbean live on less than $2 a day; in other words, 132 million people there live in desperate poverty. Haiti, and now Nicaragua, are the poorest countries in the region. Some 80 per cent. of Nicaragua's population of 5 million live on less than $2 a day, so there is massive poverty. Even in Brazil, which has one of the highest per capita incomes in the region, 24 per cent. of the population live on less than $2 a day.

Those levels of poverty are a disgrace in every sense and completely unnecessary. They lead to violence, crime, drug dealing and social dislocation and we have to address those issues. Perhaps, as the DFID programme suggests, we should tackle Latin American poverty differently from African or Asian poverty, but nevertheless it has to be addressed.

I have had the good fortune to have visited many countries in Latin America. I have seen that poverty for myself. I have never forgotten arriving in Bolivia in 1969, and finding people wearing bowler hats and chewing coca leaves. The experience was extraordinary—I thought it an extraordinary place—but I have also never forgotten the unbelievable poverty that existed then, and still exists, in the mountain villages and towns. One does not have to go far—to Potosi, for example, where the Spanish made billions from the silver, or to the tin mining areas where British companies made billions—to understand the passion of Bolivian people when they say, "We lost our silver to the Spanish and our tin to the British and others; we're not going to lose our gas and oil in the same way." We have to understand that important message.

I have not understood all the details of the statement issued by President Morales last night about taking over the gas and oil fields, but essentially he is ensuring that Bolivia gets at the very least a far higher proportion of the revenue from its gas and oil than hitherto. He is fulfilling an election pledge, which was to take the resources as a whole into public ownership. The statement was met immediately with large demonstrations on the streets of La Paz in support. We have to remember that the radical tradition in Latin America is a very strong one.

The issues also relate to land ownership and access to land. Early this year, I visited Guatemala. I was travelling by bus, and the main road to Guatemala City from the Mexican border was closed for about a week, with gaps on and off when it was opened, because of a peasant demonstration about land ownership which had occupied the main highway. The reaction of the travellers on the bus and at the bus station was interesting. They were all greatly inconvenienced, because they had to wait 24, 36 or 48 hours to travel, but they showed great sympathy for the peasants who had occupied the road to stop the traffic going through.

Guatemala has come through the most horrific civil war. In its aftermath, the levels of crime are unbelievably high, as many demobilised fighters from both sides have kept their weapons and turned to crime instead. That brings up questions about structures of government, human rights and all the accompanying issues in the region.

Some countries have changed dramatically and have overcome the worst vestiges of poverty in many ways. The most obvious example is Cuba, which from a position of enormous poverty in the 1950s and 1960s, has achieved possibly the region's highest standard of living, and certainly the highest standards of literacy, access to higher education and health care, to the extent that it is now a major resource of health care throughout the region. Indeed, many of the health improvements in Venezuela, Bolivia and Peru have come from having Cuban doctors in those countries.

I understand that the Government and many others are not totally at one with the Cuban political system, but they should understand the incredible achievements that have been made in Cuba and the esteem in which it is held by many of the region's poorest people. The improvements that are now taking place in Venezuela, and the support that exists for Hugo Chavez and his Bolivarian revolution should be put in the historical context. In a sense, it represents the unfinished business of the independence movement of the 1820s against the Spanish and Portuguese empires. Independence was gained, but it was largely grabbed by the landowning classes rather than the peasants. Chavez sees himself as

[Jeremy Corbyn]

carrying through the Bolivarian revolution. We must understand the historical context if we are to understand the present situation.

The political change to which my hon. Friend the Member for Waveney referred is not a unified continuum throughout the region, but a huge swathe of political change has happened throughout Latin America. There was a period of considerable radicalism in the 1960s and early 1970s, when several countries elected moderately radical Governments or very radical Governments committed to land reform and change. There was then the nightmare period when the military took over in a large number of countries, famously in Chile and Argentina, but they were certainly very powerful in many other countries too. The imposition of a crude form of market economics by the United States throughout the region led to the debt revolt of the 1980s and to arguments about debt forgiveness and debt write-off well in advance of what happened anywhere else. Those issues must be borne in mind.

The radical movements that are now happening—the election of Chavez in Venezuela and Morales in Bolivia, the current Peruvian elections and the welcome election of Michelle Bachelet as President of Chile—show that change is possible. Having visited Chile many times, I know that the idea of a single mother being elected President of Chile would have been unbelievable until recently. I congratulate her and what we hope will be her successful programme for poverty eradication and the improvement of social care and social issues there.

How we treat Latin America is important. Before I make a couple of comments about DFID's strategy and programme, I should say that we must remember that the continent came out of, and led the way against, European imperialism in the 19th century. The Monroe doctrine ensured that the United States guaranteed enormous power for itself throughout the region. The US has attempted to impose various trade deals throughout Latin America, which famously exploded at the Buenos Aires trade conference last year.

Venezuela, Bolivia and Cuba are pushing for a Latin American internal trade deal that has poverty reduction and education improvement targets within it , which is unusual for any kind of trade-oriented pact. The wish of the United States for a very different kind of trade pact is currently supported mainly by Colombia and by President Fox of Mexico, but I suspect that should Mr. López Obrador succeed in winning the Mexican elections later this year—I hope he does—there will be a change of approach there.

It is important to put things in that context. The influence in the region now is not the United States or Europe; the huge investment that is currently going into Latin America is Chinese. I was at a lecture last week at Canning house that detailed the levels of investment that the Chinese are putting in to each country, most of which is in the form of soft loans tied to the sale of natural resources and to the import of Chinese goods into the continent, including the massive infrastructure projects—new ports, railways and roads—to which my hon. Friend referred. That is currently the biggest influence in Latin America.

The Chinese strategy appears radically different from the US strategies of the past, which have always been to encourage the involvement of private sector companies—mainly American—and an obsessive meddling in local politics; the US cannot help itself when it comes to meddling in local politics. The Chinese approach is very different: it is blunt, crude, straightforward economic dealing. The Chinese keep well out of any local political movements or developments. That will be the feature of Latin America in the next few years.

I read the interesting DFID strategy document last night and re-examined it this morning. The issues that it highlights concerning AIDS, human rights, poverty reduction and education are good. The first issue to examine is that of human rights and governance. The problems encountered in the region often involve human rights abuses, illegal imprisonment and the wholesale murder of people on the streets. I mentioned Chile, where under Pinochet at least 7,000 people perished. Proportionally speaking, a similar number perished in Argentina, although the actual number was much greater, and similar things occurred in many other countries in the region. I also mentioned what happened in Guatemala during its civil war and what continues to happen: illegal killings, gang warfare and the like.

Mexico is certainly not the region's poorest county, but its level of human rights abuses and discrimination against the non-Spanish-speaking people, the deaths of women in Ciudad Juárez on the border, and the drug rackets and all the other things that feed that are extremely serious. Whatever efforts we can make in respect of supporting human rights organisations and a system of legal processes that is independent of the political process are important and welcome. I certainly welcome that section of DFID's strategy document for the region.

We must examine Britain's relations with the region, first in terms of its politics and what we are doing. I welcome DFID's strategy document in that sense, but I question how it sits with our closing embassies and British Council and DFID offices in the region. Do we expect to have any influence from this country or from the European Union? The presence of a British embassy in a country indicates that we are serious about relations with it. To close an embassy and tell people that the nearest one is in the neighbouring country or in the next but one, and is several hundred or several thousand miles away—making such a journey is extremely difficult for most people—does not create a good image. I hope that the Minister will be able to offer some good news on that front.

The British aid programme is quite small in the context of the region as a whole. The bilateral aid system, with European and UN money going in, is important, but we must remember that the levels of poverty and discrimination, and the lack of education are a product of the historic injustices in the region, and the thirst for change is strong. I cited Cuba earlier, and we should note that the support that Chavez has in Venezuela is partly because he is seen as somebody who is outside the traditional political system in the country—and he certainly is that—and partly because his Government are seen to be trying to do something in terms of delivering health care, education and housing for the poorest people in the country. Such is the thirst for change in the region. Conquering poverty in the

region comes, yes, from assistance and from fair trade arrangements, but it also comes from the significant political change that is happening throughout the region.

Latin America has an incredible past in terms of its civilisations and the history that comes from them. It is a past that is understood in a popular sense. Museums in the United States talk about conquering the west, and European expansion and settlement. Museums in Mexico or any other Latin American country talk about the glory that was destroyed by the Spanish invasion and the attempt to write it out of history. The image of how Latin American civilisations were damaged by Europe is still very powerful, and it has become a powerful political force in the countries that I have mentioned.

This debate is about British strategy in respect of Latin America. We must do all we can to support good governance, decent human rights organisations, campaigns to improve the position and rights of women, and above all the campaign for the rights of indigenous people in multilingual societies throughout Latin America. We must understand all those matters. The dominant themes of the region are its huge natural resources, its amazingly efficient farming in very difficult circumstances and its astonishing cultural diversity.

Our country has made a great deal of money over the centuries from trade with Latin America. It is now up to us to trade honourably with Latin America and to support it in getting decent and fair trade arrangements with the rest of the world.

10.22 am

Susan Kramer (Richmond Park) (LD): I am grateful for this opportunity to contribute to the debate on behalf of the Liberal Democrats. I also join others in thanking the hon. Member for Waveney (Mr. Blizzard) for securing it.

In the United Kingdom, poverty reduction and development issues tend to focus on Africa and parts of Asia, and sadly Latin America can get left out of the picture, but as we have been reminded today, it is home to many of the poorest people on the planet.

The Department for International Development stated in March this year, in reply to a question from the hon. Member for Leicester, East (Keith Vaz):

"According to 2004 national poverty line data collected by the United Nations, 42.9 per cent."—

approaching half—

"of the population of Latin America live in poverty and 18.6 per cent. live in extreme poverty. The levels of extreme poverty are higher among indigenous and afro-descendant people."—[*Official Report*, 15 March 2006; Vol. 443, c. 2247W.]

I therefore share the concern of others that DFID's strategy in respect of deciding where to use its resources understates the needs and importance of Latin America, and I ask it to review that strategy.

I am talking not about significant increases in monetary aid but essentially about the opportunity to share UK experience and knowledge, and especially the lessons that have been learned from the ways in which the EU accession countries have managed to develop, and from development and poverty reduction problems in Africa. The transfer of that experience, knowledge and expertise is key. Although I, along with others, understand and appreciate that a multilateral strategy is often ideal, if what we need to achieve cannot be accomplished through the mechanisms of the World Bank and the International Development Association it would be sad to have abandoned more direct bilateral approaches and the relationships that the UK has built up with the countries that are now attempting to deal with the poverty in their midst.

There seem to be two general factors that discourage DFID from being more engaged in Latin America. One of them may be a matter of perception, but it is a high-risk geopolitical strategy in any case. Under the Monroe doctrine, the United States places Latin America within its sphere of influence and encourages European countries to play a lesser role. That may not particularly motivate the UK, but its lack of activity—the withdrawal of offices, the turn to an overwhelmingly multilateral approach—could easily be interpreted as acquiescence to the idea that Latin America is outside our sphere of influence, and that we have ceded to the US. May I suggest that, particularly in these times, that is a pretty dangerous approach?

Latin America is a rising continent in its own right. Brazil has already been identified by Goldman Sachs and other investment banks as one of four countries that are particularly important for the future world economy. Whether or not one agrees with Chavez, Venezuela has oil resources that provide it with international clout. The Mercosur trading bloc covers a population of 250 million people and produces more than $1 trillion a year in goods and services. These are large, major players who do not wish to be seen as an adjunct to north America and the United States.

It is evident from any reading of statements and speeches across the continent that there is widespread suspicion of the USA and its intentions. President Bush's recent attempt to take forward a free trade area of the Americas looks like an uphill struggle, in part because the US is seen as having been responsible for past neo-liberal reforms that were unsuccessful, and as having an agenda that is primarily focused on the interests of the United States rather than poverty reduction in Latin America. Most Latin American Governments, by contrast, claim that they are seeking development strategies that combine the benefits of economic markets and social welfare. As such, they are following a model that is in many ways much closer to the European model—to the UK model, even—than to that of the USA. That argues for a much more direct kind of engagement and a recognition that there can be a very fruitful exchange between the European continent and Latin America, because, out of history, Latin America seems to be developing a similar approach to Europe's to many fundamental problems.

Numerous articles have been written in recent weeks about Latin America's swerve to the left. Although rifts and friction exist between many Latin American countries over specific issues, and the colour and texture of Governments are extremely varied, there is now a broad consensus that the reforms of the 1990s—captured by the term "neo-liberalism"—failed to deliver the promised wealth, and at best left the continent stagnant. Many people accept that reform was necessary, and that opening up to trade was necessary—indeed, urgently so—but the 1990s experience was so undermined by corruption,

[Susan Kramer]

cronyism and a lack of willingness to tackle the problem of the vast numbers of people at the bottom of the social heap in dire poverty, that new answers are now being sought. Again, I believe that the UK should be playing a bigger role in that.

The second reason for DFID's limited engagement results from the fact that most Latin American countries have a middle-income standing in development terms, but stark inequalities mean that many of the poorest people are effectively glossed over by that description. These are countries where great wealth and great poverty exist side by side. The challenge for most of Latin America is to find strategies for development that reach down to the destitute poor. Even in Brazil—one of the wealthiest countries in the region—the rural landless and the urban roofless are scarcely being touched by development programmes.

Latin American countries—I accept that I am generalising—are trying to combine social welfare to tackle poverty with fiscal responsibility, typically in the form of tighter budgets, competitive currencies and trade surpluses. However, these countries remain heavily dependent on commodities and are short on the infrastructure and private investment that could underpin economic diversification. Surely, this is an area in which the UK could be more of a facilitator. The experiences of eastern Europe and India, in which the UK has been widely engaged, offer role models in respect of commercial legal frameworks and governance, which are key to encouraging private investment. I understand that DFID has had some engagement with initiatives such as microcredit and community banking schemes, but I am sure that it could work more effectively with international financial institutions—IFIs—such as the Inter-American Development Bank to facilitate a much wider expansion of such projects.

The environment and climate change are bound up with this as well. In January 2006, the Brazilian Government released figures showing that deforestation of the Amazon rain forest was almost the worst on record, with more than 10,000 square miles having been cleared by ranchers, loggers and farmers. The problem affects all of us, but it cannot be tackled without strategies for the sustainable management of rain forests and sustainable development that will provide a decent living for the local population.

I have seen good projects in the United States, particularly in the ancient forests of the Pacific north-west. The Pacific branch of ShoreBank and groups such as Ecotrust have worked with local people to develop effective sustainable alternatives. Surely DFID could do more to promote such schemes for the Amazon, including working with the European Union to provide markets for sustainable forest products.

My view on drugs is somewhat different from that of the hon. Member for Waveney. If farmers are to move away from coca as an export crop for the drugs trade, there must be a long-term sustainable alternative. Our various programmes have never seriously taken on that challenge and used existing role models and examples to provide a long-term opportunity for people, whether in Latin America or places such as Afghanistan.

At present, Latin America is enjoying a benign economic period. As others have said, demand for commodities, whether Brazil's iron ore, Peru's copper or Argentina's beef, has been fuelled by growth in India and China. The US continues to fuel Latin America's economy by providing employment for significant numbers of migrant workers, both legal and illegal. Remittances to Latin America increased last year by 17 per cent., to $54 billion. Foreign banks are taking a positive and benign attitude towards Latin America, largely because they are hunting for yield. They are courting major country players and have been willing to convert dollar denominated debt into local currency denominated debt at reasonable prices.

My fear is that the optimism fuelled by these benign conditions is being squandered. For example, Brazil used the good times to reduce its long-term external debt from 40 per cent. of gross domestic product in 2002 to an expected 13.5 per cent. in 2006, but only a tiny fraction of real public spending increases—9 per cent. last year—was invested back in infrastructure such as roads, bridges and railways, which are the basis of future diversification.

Even a minor global economic downturn would devastate the economies of Latin America, and if economic diversification and strategies to tackle poverty and inequality cannot be put in place while economic times are good, the chances of doing so will be nil when less good times arrive.

Following up on the theme of urgency, the countries of Latin America need success in the Doha trade round. Brazil, like Russia, India and China, is probably sufficiently powerful and successful to cut its own deal with the major trading blocs, regardless of whether Doha is a success, but the remaining countries of Latin America fall into that dangerous middle ground: not poor enough to qualify for the open access permitted to the least developed, but not strong enough to be able to carve out a way alone. The failure to meet the 30 April deadline on the broad parameters for tariff and subsidy reductions in the Doha round raises a fear that the opportunity will be lost. Again, if a development trade round cannot be achieved when the global economic environment is generally positive, as it is today, there can be little hope of achieving it at all.

In January, in response to a question from my hon. Friend the Member for Leeds, North-West (Greg Mulholland), DFID provided a detailed breakdown of bilateral funding to south and central America. Of course there are exceptions, but it is clear from those numbers that overall funding has been extremely volatile since 1997. It is hard not to conclude that programmes are constantly stopping and starting—the direction keeps changing—but we know that consistency and predictability matter in aid and development.

Let me conclude with a plea to DFID. The countries of Latin America are in a period when, economically, much is going their way. Perhaps that will last for some time, but the reality is that the slightest economic downturn will generally cause problems and make life more difficult. The inequalities of society in most of those countries mean that people live in dire, impoverished conditions. It will be interesting to see how DFID intends to seize the moment, while the

opportunity is good, permanently and sustainably to support improvements. I ask that Latin America not slip from the Department's priorities.

10.35 am

Mark Simmonds (Boston and Skegness) (Con): I begin by congratulating the hon. Member for Waveney (Mr. Blizzard) on securing this important and timely debate and by putting on the record my view that his chairmanship of the all-party group on Latin America has resulted in the group's renaissance and has moved Latin America up the agenda in both the Department for International Development and the Foreign Office. I welcome that. He will know that I am particularly interested in Latin America, and I was pleased that this Minister and the relevant Minister in the Foreign Office came to a meeting in this House to discuss with interested Members the area's importance and the strategies that will be put in place in the forthcoming period.

The hon. Gentleman did a well-informed and eloquent samba, if I can use that word, through Latin American issues. He eloquently described the importance of United Kingdom-Latin America links, the failure of many Latin American countries to meet some of the millennium development goals, particularly in respect of indigenous populations, which is a theme that I shall return to later, and the huge growth potential of Latin America, particularly Brazil, as a trading partner of Britain and the European Union. He also discussed how Brazil can become an influential regional player. I know that the Government support Brazil's position as a full-time member of the United Nations Security Council.

The hon. Gentleman mentioned aid conditionality. I have never had an answer from the Minister or anybody else about the difference between aid conditionality and aid criteria. Perhaps the Minister would take this opportunity to answer that point.

The hon. Member for Islington, North (Jeremy Corbyn) has a particular interest in Latin America, and that came over in his speech. He is well informed about the area and, obviously, has visited it over an extensive period. I do not agree with all his analyses, particularly of what is happening in Cuba and in Venezuela. He rightly highlighted the many human rights infringements that have taken place and continue to take place in Latin America, but I was slightly surprised that he praised the Cuban regime which, as he well knows, has an appalling human rights record.

The hon. Gentleman was absolutely right to highlight the high levels of crime that exist across Latin America and the lack of governmental infrastructure at national and local levels in many of those countries. DFID certainly could play a significant role in building civil society and capacity.

The hon. Member for Richmond Park (Susan Kramer) gave an informed contribution, although her view of economic policies in Latin America in the 1990s was rather simplistic. There has been economic growth—indeed, Latin American growth was highest in 2004, at 5.5 per cent. It is not a story of everything going backwards. People have been pulled out of poverty, although the rate of population increase has been greater than the rate at which economic liberalisation has allowed people to come out of poverty, and the definite lack of wealth cascading down to the indigenous and black populations has resulted in the rise of Chavez, Morales and potentially others, which desperately needs to be addressed. Latin America cannot turn its back on the international trading community; there will be significant problems if it chooses to do so.

The hon. Lady was absolutely right to mention environmental degradation, particularly deforestation in Brazil but not only in Brazil, and the importance of and necessity for sustainable development and management of agriculture.

I do not wish to repeat statistics that other hon. Members have given but just say that it is absolutely clear that a significant proportion of the population in Latin America, central America and the Caribbean live in abject poverty. It is unacceptable that 132 million out of a total population of 520 million people live on less than $2 per day, and we need to do more about it. I will come to what I think needs to be done a little later.

It is the inequality that is so distressing in Latin America. The hon. Member for Islington, North was absolutely right: one can fly into almost any Latin American capital and see glossy tower blocks and housing, and representatives of the international banking community and international organisations. However, in not only rural areas, but the outskirts of those cities, one can see terrible slums—or ranchos, as they are called in many countries in South America—terrible poverty and the crime that inevitably comes out of it. That crime needs to be addressed.

However, there is some good news, as the hon. Member for Waveney highlighted. There is growing solidity of the democratic process in south America, although there are some problems. I certainly would not argue that Chavez was a total democrat, but I do not want to get sidetracked by that issue. There is still far too much corruption and there is weak governmental accountability; that needs to be addressed with the assistance of donor countries, by DFID and the international community, and through multilateral institutions.

We Conservative Members welcome the funding that DFID commits to Latin America. There is the £300 million committed through multilateral contributions to the Inter-American Development Bank, the European Union, the UN, the World Bank and non-governmental organisations; the £41 million committed through the Latin American bilateral programme; and the £23 million committed through other bilateral funds, such as the civil society challenge fund and the global conflict prevention pool. However, when that is compared with DFID's contributions to Africa and Iraq, we see that Latin America is a very small beneficiary of aid money. Just 1 per cent. of direct budgetary support, and 3 per cent. of bilateral aid, goes to Latin America.

I would argue that Latin America has been overlooked, partially because it is largely made up of what are viewed as middle-income countries, as other hon. Members have said, and partially because of the success of lobbying groups for Africa—that is, of the Commission for Africa and of the G8 at Gleneagles. Also, as the hon. Member for Islington, North, said, the UK's relationship with Latin and central America has been damaged by the closure of embassies, DFID offices

[Mark Simmonds]

and trade offices. We have just closed two trade offices in Brazil. I am sure that the Minister or someone at the Department of Trade and Industry has a good explanation for that, but it seems extraordinary, given how powerful a trading partner Brazil will be in future, and particularly given China's significant and growing influence in Latin America.

I have two or three specific issues to raise. The first is debt. Obviously, we Conservative Members welcome the heavily indebted poor countries initiative and its success in Bolivia, Guyana, Honduras and Nicaragua, but many other countries in Latin America have significant burdens of heavy debt; Peru, Ecuador, Argentina and Brazil are four examples of countries classified as severely indebted by the World Bank.

Heavy debt keeps poor people poor and, in the worst cases, pushes millions of people into poverty. Debt inhibits growth and wealth redistribution by reducing the amount of money available to Governments to invest in social services and welfare. Brazil is perhaps the best example: 40 million people there live on less than $2 a day. Brazil spends three times as much servicing debt as it does on public health care. That is not sustainable, nor should it be internationally acceptable. There are many other such examples. I would welcome comment from the Minister on what the international community will do to address debt.

We could talk for some time about the political situation in Venezuela, and about that country's influence in the surrounding regions—not just in Latin America, but as a result of its selling cheap oil to the Caribbean, and its potential for influence at the UN and elsewhere. My question to the Minister on that topic is: where has the strategy for security sector reform—particularly of the police and judicial systems—mentioned in DFID's Latin America strategy paper got to in combating the problems caused by drugs and drug barons in Latin America, and in curbing armed groups? The hon. Member for Waveney was right to say that the same degree of conflict resolution required elsewhere is not necessary in Latin America, but there are still armed groups—particularly in Colombia and parts of Mexico—whose influence, both political and military, needs to be reduced; we must make sure that their power is channelled through, and focused on, the ballot box.

My second question to the Minister is about poverty reduction strategy papers. Clearly, as DFID is taking a regionalised, rather than country-specific, view it will be much more difficult for countries to participate, particularly those that are in the process of drawing up their poverty reduction strategy papers. How does the regionalisation strategy and policy fit with working with Governments to make sure that their poverty reduction strategy papers are appropriate to their country, and not to regions? There are great differences between countries in Latin and central America. We have to make sure that poverty reduction strategy papers are relevant, that Governments buy into them, and that they are not donor-driven, as has happened elsewhere, as the Minister will be aware.

Like the hon. Member for Richmond Park, I did not agree with the hon. Member for Waveney on his rather defeatist attitude to the drug problem. There is an argument for allowing the Bolivians and others to produce coca for their own traditional purposes. I was in Yemen recently, where people chew khat in much the same way that people chew coca in Bolivia. Longer-term, we have to find a strategy—an alternative crop or alternative livelihoods—to ensure that the volume of production is not sufficient to allow an enormous amount for export, as that creates problems in north America and Europe.

Mr. Blizzard: Many people in Latin America would respond to the hon. Gentleman's point—and this was part of President Morales's response on the subject—by saying: "Well, what about demand?" As long as there is demand, growers will try to grow coca; that is their point.

Mark Simmonds: I accept that. The traditional drug problem solution has been to try to cut off supply, and that has failed singularly over the past 20 or 30 years. We need to attack both supply and demand. In that sense, the hon. Gentleman is absolutely right.

I want to give the Minister as much time as possible in which to respond, but I have two or three more points to make. Obviously, DFID's strategy is to work via multilateral institutions. How will the expenditure be monitored, especially as the strategy report admits that the strategy is "high-risk"? The report also says that there will be

"an independent evaluation of its effectiveness".

Who will carry out that independent evaluation? What form will it take? When will its results be reported to the House? If the Minister is prepared to sanction independent evaluation in that particular sphere, why is he not prepared to sanction it for all other significant sums spent by DFID around the world? I will be interested to hear whether he will be happy to put a provision allowing that in the private Member's Bill that he and I will discuss in a couple of weeks.

On the credibility point made by the hon. Member for Waveney, what assessment has DFID made of the effect of limited country presence and presence on the ground? If there is a criticism of DFID—and it is a well regarded organisation—it is not that it does not monitor inputs, but that it does not monitor sufficiently where money is going, particularly through multilateral organisations such as the Inter-American Development Bank and the World Bank.

Finally, what success has DFID had in reaching its common objectives with the IDB and the World Bank? Because of the relatively small amount of money that DFID put into the strategy at its inception, it was felt that there was a risk that DFID had insignificant influence, or insufficient influence to alter the policies of those two particularly powerful institutions. If DFID does not have the influence to put the focus on reducing poverty, what is plan B? What will the change in policy be if the World Bank and the IDB fail to secure transparency, effectiveness and poverty alleviation? The closure of offices removes the ladder by which we can return to a bilateral relationship with the countries involved.

10.48 am

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): It is a pleasure to serve under your chairmanship for the first

time, Mrs. Humble. I, too, congratulate my hon. Friend the Member for Waveney (Mr. Blizzard) on securing this valuable debate.

In the almost three years in which I have been in the Department for International Development, I have had the privilege of visiting Peru, Nicaragua and, more recently, Brazil, so I, too, welcome the opportunity to discuss our strategy for Latin America with Members of the House. I pay tribute to my hon. Friend's passion for Latin America and to the way in which he campaigns on the issue in the House. Also, I pay tribute—as the hon. Member for Boston and Skegness (Mark Simmonds) did—to the way in which my hon. Friend has chaired the all-party group on Latin America.

My hon. Friend paid tribute to a number of non-governmental organisations; the Vine Trust is just one with which he has had contact. I join him in paying tribute to it and to several other NGOs that DFID funds in the region and I hope that there will be more shortly.

My hon. Friends the Members for Waveney and for Islington, North (Jeremy Corbyn) rightly drew attention to the continuing poverty and inequality in Latin America. As we know, 57 million people live on less than $1 a day in Latin America and the Caribbean, but the United Nations Economic Commission for Latin America and the Caribbean has gone beyond those statistics to bring home the scale of the poverty and inequality. It estimates that 43 per cent. of Latin America's population, or 222 million people, are poor and that about 19 per cent., or 96 million people, are extremely poor. The poorest countries in the region are Bolivia, Guatemala, Honduras, Nicaragua and Paraguay, although only Nicaragua is officially classified as a low-income country. As all hon. Members said, however, substantial numbers of poor people also live in the large middle-income countries, such as Brazil and Mexico. The UK Government and the Department for International Development, in particular, must continue to help tackle those issues.

My hon. Friend the Member for Waveney rightly said that Latin America will be crucial to international efforts to meet the millennium development goals. So far, as the hon. Member for Richmond Park (Susan Kramer) said, there has been pretty disappointing performance on the environmental indicators. More positively, good progress is being made on under-five mortality, access to safe water, gender equality and universal primary enrolment. Although things are moving in the right direction, hon. Members are right to stress that the international community must not allow its attention to wander from the other issues that need to be tackled.

Our approach to Latin America must be considered in the context of what other multilateral agencies and bilateral donors are doing in the region. The Inter-American Development Bank is the region's largest development partner, providing $6.8 billion in 2003. It is followed by the World Bank, which provided $5.8 billion in 2002–03. The European Commission is also a substantial donor, providing $375 million in 2004, and the UK contributes to such funds. There are also significant bilateral donors, including the US, Japan and the Spanish. It is important to recognise the scale of development assistance to the region. It is right that we prioritise our development assistance to low-income countries. That is why Africa and Asia are also a focus for the Department and why the UK's main financial contribution is made through multilateral channels.

My hon. Friend the Member for Islington, North asked me to announce some good news. Given his extra-curricular interests and his excellent judgment on such issues, I shall try to offer him some comfort. The present prioritisation sees 90 per cent. of funding go to low-income countries and 10 per cent. to middle-income countries. In addition, we have made a commitment to achieve the 0.7 per cent. goal by 2013. That means a rising budget not only for low-income countries, but for middle-income countries. As part of the discussions that we will inevitably have with the House and the Treasury about the comprehensive spending review, we shall have to make a judgment about where those increased resources for middle-income countries should go.

Jeremy Corbyn: I thank my hon. Friend for that. Essentially, the issue in Latin America—particularly in middle-income countries such as Brazil and Mexico—is the massive disparity between wealth and poverty. Millions of people in those countries live in abject poverty, and we really must address that issue.

Mr. Thomas: My hon. Friend is absolutely right. Our strategy is to do just that by using our limited bilateral funding to leverage much greater spend on poverty-related programmes from multilateral organisations such as the IDB, the World Bank, the EC and the UN. We will use our limited resources to get others to be much more poverty focused.

In that context, I was delighted to go to the IDB's annual meeting and to meet its new head, President Moreno. I launched several specific trust funds with the IDB and the World Bank, which I hope will increase the access of the poor to markets and international trade, as well as securing more accountable and responsive public sector management and investment in more accountable political systems. That is one positive example of our work.

We also contribute to the IDB's multilateral investment fund. Again, we seek to increase the access of the poor to trading opportunities. Those involved will work with small institutions, slightly larger institutions, such as co-operatives, and more traditional medium-sized private sector businesses. Again, I hope that that will bear fruit and scale up the development assistance to such programmes across the region.

I have been asked several specific questions, so let me try to answer some of them in the short time available. The hon. Member for Richmond Park asked about environment programmes and recognised the scale of deforestation in the Amazon. That is one of the issues that I discussed with the director general of Brazil's environment department when I visited the country two or three weeks ago. It was encouraging to hear of a very active programme to tackle illegal logging and deforestation in the Amazon. Some of the NGOs that I met were not quite so positive, which is perhaps not surprising, but it was good to hear their words of caution. South America and central America are the only regions in the world not to have a forest law enforcement and governance programme. If Brazil, in particular, were to ask us to support such a programme, we would be delighted to do so, as we have done in Africa, central Asia and elsewhere.

[Mr. Thomas]

My hon. Friend the Member for Waveney asked some specific questions about the World Bank and the IDB. In particular, he asked about the Government's support for the parliamentary network, which was established five years ago. We contribute £300,000 towards its work, and my right hon. Friend the Secretary of State recently attended one of its spring meetings. We are supporting developing countries so that they can have a stronger voice on the boards of the World Bank and other institutions.

My hon. Friend advocated that more work be done on regional integration, and that is a key part of the European Union's work with the Mercosur bloc. We are also funding research to encourage more integration in the region and to see how the trade-related aspects of such integration would impact on the poorest people there. Again, we are trying to overcome some of the suspicions about integration, to which my hon. Friend referred.

The IDB is very active on energy and infrastructure issues, and, again, we hope that some of the trust fund money that we are providing will improve the poverty focus of that work.

I recognise that I have been unable to answer all hon. Members' questions, so I shall review *Hansard* and, if appropriate, write to hon. Members to correct that.

Party Political Funding

11 am

Matthew Taylor (Truro and St. Austell) (LD): I welcome the opportunity to raise—for the third time in the past six years—the issue of party funding. I see some of the same faces joining us for the debate.

In the past, the issue has been associated with the review by the Electoral Commission. I shall try to feed into that debate, although it will not surprise anyone that part of the motivation for calling this debate, in which a number of hon. Members will want to participate, is the fact that, despite the changes over the years and the words from previous Ministers about increased openness and transparency, we are back in the mire of—for want of a better phrase—political sleaze. There have been huge doubts about the basis on which donations are given and an even greater fall among the general public in respect for parties across the political spectrum, in terms of how they raise money and the motivations of those who give it, rightly or wrongly.

Mr. John Spellar (Warley) (Lab): I am sure that the hon. Gentleman will help the debate if he can indicate whether Michael Brown was on the electoral register on the date on which he gave a donation to the Liberal Democrats and whether Mr. Brown's company, 5th Avenue Partners, was conducting business in the United Kingdom on that date, which was 10 February 2005. If the hon. Gentleman can do so, perhaps he can, on behalf of the Liberal Democrats, enlighten the Chamber about the business that 5th Avenue Partners was undertaking in the UK.

Matthew Taylor: The right hon. Gentleman intervened marginally before I was about to say that the issue has consumed all three political parties. To put it bluntly, I shall not defend the Liberal Democrats any more than I intend to defend the Conservative party or the Labour party. I am not in a position to give the detailed answers for which he asked; that is a matter for the Electoral Commission.

The episode has done the Liberal Democrats no good at all. The donations that the Conservative party has received have done them no good politically, with the embarrassments ranging from the circumstances in which a previous Conservative leader put peers into the House of Lords to the fact that, in order to maintain anonymity for some of its donors, the party had rapidly to repay £5 million rather than publish the details, let alone the scandals that have engulfed the Labour party. All the political parties have been damaged by the process. I have consistently said in this place that they will continue to be damaged as long as political parties are increasingly reliant on major donors for their funding.

Mr. Andrew Turner (Isle of Wight) (Con): I confess that I was listening to the hon. Gentleman with only half an ear, but I thought that he said that he was not going to defend the Liberal Democrats. Did I hear him right?

Matthew Taylor: It would be slightly odd if I defended the Liberal Democrats, given that I have consistently argued that political parties should not receive such

major donations. The only defence that I would give is that, as long as we have a political system in which some parties receive major donations from multi-millionaires, all the parties will inevitably seek such donations in order to compete. Otherwise, parties will have to fight elections with many fewer resources than other parties and therefore they will have their arms tied behind their backs. Even as we stand, the Conservative and Labour parties spent some £17 million each in the last general election, let alone in the run-up to it. The Liberal Democrats, with one major donation, were able to spend about one quarter of that. There is an arms race and any arms race will lead to people competing for funds from donors.

I do not know what the Labour or Conservative party's track record is of refusing donations that are felt inappropriate. The Liberal Democrats turned down £1 million in 1997, which was the only major donation that we were offered, because we did not feel it appropriate. The donation would not have been illegal, nor was there any requirement to turn it down—at that stage, we would not even have been required to publish the fact that we had received such a donation. We turned down the offer because we felt that it would not have been right to accept it from Mohamed Al Fayed. That is a matter of public record.

If the question is asked, "Do you believe that it is a good thing for us to accept Michael Brown's donation?" my answer is no. If the question is asked, "Do you believe from what you now know of what happened"—and that is no more than the right hon. Member for Warley (Mr. Spellar) knows—"that it would have been better to refuse it?" my answer is yes. However, the same can be said of the donations to both the other political parties. My hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) will speak officially on behalf of the Liberal Democrats in a minute, so hon. Members might want to direct questions to him. As long as all the political parties rely on such sources of funding, we shall continue to see such problems.

If I wanted to, I could spend 20 minutes to half an hour talking the Chamber through details of the Labour and Conservative parties' record on such donations, but that would not be helpful. We all know the scale of the problem. It is also noticeable that hon. Members from both sides of the House, many with direct experience of such work at the highest level in their party, say that the present situation is unacceptable and cannot continue.

Mr. Spellar: Fortunately, we have been joined by the hon. Member for North Southwark and Bermondsey (Simon Hughes), who might be able to add some information. The hon. Member for Truro and St. Austell (Matthew Taylor) knew that he would introduce this debate, but he has been remarkably incurious about the obvious questions. There is a difference: both the Conservative and Labour parties are not aware of any suggestion that their current donations have come from improper sources, in that they were potentially illegal owing to the domestic status of either the individual or the company. I return to my question: could the hon. Gentleman say whether Mr. Brown or his companies were legally in the position to make that donation? If not, perhaps the hon. Member for North Southwark and Bermondsey, who is president of the Liberal Democrats and therefore at the heart of the party, could enlighten him and the rest of us.

Matthew Taylor: I am sure that my hon. Friend the Member for North Southwark and Bermondsey will do that, but I understand that the Electoral Commission has looked at the issue and has so far been pleased that the answer is yes.

Mr. Spellar: It has not decided.

Matthew Taylor: The position so far is as I described, but the commission continues to investigate. However, my hon. Friend the Member for North Southwark and Bermondsey might want to add some information.

Simon Hughes (North Southwark and Bermondsey) (LD): I am happy to deal with the question, not least so that my hon. Friend can get on with making his argument. The donation was given and checks were carried out. The test was whether the company was trading and it was believed on the evidence that it was. The evidence has been given to the Electoral Commission, which has carried out a check and believes that the test has been satisfied. The commission has not come to a final view, but it has given us a definitive view, which is that the action was perfectly legal from all that it knows.

Hywel Williams (Caernarfon) (PC): For the record, I note that there are four parties represented in the Chamber, not three. Without climbing on too high a horse, I should like to ask the hon. Member for Truro and St. Austell (Matthew Taylor) to confirm that his remarks refer to three and not four parties.

Matthew Taylor: The Scottish National party and Plaid Cymru have received major donations in the past. The same applies across the board, although I do not know whether any donations have been received in illegal circumstances. We have heard public criticism from Members on both sides of the House, including from leading Members who are in a position to know. We have read the Labour party treasurer's comments about the extraordinary fact that he was not informed that such loans were being made. Bluntly, it is inconceivable to suggest that the idea that donations should be given in the form of loans was anything other than an attempt to make secret what was happening. The fact that those donations then led to peerages makes the situation worse.

We have seen, however, the same on the Conservative side. I was pleased that a former chairman of the Conservative party, Lord Fowler, said that it was unacceptable for things to continue as they were. We must remember the comments that were made when a peerage was awarded to Michael Ashcroft. The former leader of the Conservative party in the Lords said that the award was

"an affront to the dignity and the standing of the party".

The former leader of the Conservative party said:

"It has lowered the whole standing of our political institutions throughout the world".

[Matthew Taylor]

He went on to say that clearly the £3million donation to the Conservative party must have been for some purpose, and, in his words,

"and now we see what the purpose was."

The issue has without doubt lowered the public standing of the political parties and, on those grounds alone, the House should seek an end to it. I depart from the proposals for a cap at 50,000 made both by the Conservative party—its views are now rather different from those argued on its behalf in the last two debates on the subject—and by my own party. It is evident that one family could still make a donation of a size that would be of considerable influence on political parties, particularly if it were a repeat donation year after year.

The rules should be simple. Donations should not be at a level that could conceivably influence a political party. To me, that would suggest a limit of £10,000 rather than £50,000. At least we are talking about a ballpark figure that is different from the donations of £5 million or £3 million that both the other main political parties have received, or even the £2 million or so that the Liberal Democrats have received.

It seems evident that whatever is said, when donations take place on such a scale in a political system in which elections can be closely fought and expenditure by the biggest political parties is on a scale of £10 million, £15 million or £20 million, donations of £5 million will influence or potentially influence those who need them in order to fund their political campaigns.

As I have argued before, an even bigger potential distortion results from such major donations. In 1997, one individual spent £20 million on setting up from scratch and running a political party, the Referendum party, which did not have a base of individual support at the start of the process, at least. He was able to do so in a way that significantly affected the size of the Conservative defeat. In a different election campaign, such as the one in 1992, the result of the general election would have almost certainly changed on the whim of one individual. That cannot be right either. At present, we have nothing that would stop such an individual affecting political outcomes in such a way.

Over the past few weeks, considerable attention has been given to the British National party. It fights elections with little money, few members and little support. It fights nasty, intimidating elections on the doorstep. Just imagine what its campaigns would be like if the person who funded the Referendum party had instead decided to put £20 million into the BNP.

When those who argue against state funding say, "What would happen if the BNP were funded?"—I will talk a little about what I think that we should put in place—let us not forget that on the whim of one individual, the BNP could fight these local elections, the next European elections or the following general election with a fund of £10 million, £15 million, £20 million or £100 million. There is nothing to stop that. In a democracy such as ours, we should be aware that in a world in which increasingly large numbers of people make substantial sums of money, the chances of maverick individuals of one sort or another—not least those maverick individuals who might choose to fund the Liberal Democrats—putting money behind one political party or another, or perhaps behind an extreme political force, and changing the outcome by force of cash rather than force of political argument or anything else, should be taken extremely seriously. We should seek to limit that. No system perfectly protects democracy, but the present one clearly does not.

Mr. Andrew Turner: Earlier on, the hon. Gentleman's argument seemed to be that certain people might, through the use of cash, exert influence on those who were likely—or perhaps less, in his case—to form a Government. Now he seems to be saying he objects to the very fact that people with a lot of money can back a political party, even one that stands no prospect of forming a Government. Would he cast his mind back to Saturday, when there was a substantial demonstration in London against the BNP? Does he believe that influencing against a party is as bad as influencing for a party?

Matthew Taylor: I believe that, in a functioning democracy, we should build on the support that we can win from individuals. That obviously needs cash, but it can be done through small donations and small contributions. It should not be in the power of an individual to bias political outcomes because they happen to be able to write a very large cheque.

There are two issues. The first is the power of the individual, on a maverick decision, to make a donation here or there that will affect political outcomes. That could make the difference between winning or losing an election such as the 1992 general election. It is perfectly apparent that had the Referendum party fought in 1992 rather than 1997, we would have had a different general election outcome entirely. It is also about an individual's willingness to support an extreme force. I doubt that the BNP would win any parliamentary seats if it gained £20 million—I certainly hope not—but it could affect the outcome by pulling votes from another political party or by massively increasing the risk of racial tension, racial violence, rioting and so on in the areas where those resources were used to campaign.

The second issue is about the diminution of the respect for, and standing of, political parties and the political process when honours are bought and sold. Honours have always been bought and sold. Few hereditary peers in the House of Lords were there for anything other than a favour at one time or another. The great majority of the appointed peers are there because of the political contribution they have made to one party or another, in one way or another. They may have actively pursued a career of support for their party—they are unlikely to be there for being an active maverick—or have made a major donation. That is the reality. If the House of Lords is elected in the future, as I hope it will be, those favours will still be transferred in other ways.

I will give an example of somebody who has refused any kind of peerage or gong. Stuart Wheeler has made it clear that he has attached his donations to not getting a title. Nevertheless, we know that he sought to influence the political stance of the party and who was its leader. There is no doubt that somebody who has a large chequebook is more likely to exercise that influence than an ordinary member who raises funds for the party by

boiling up jam and selling it at the local jumble sale. We all know that takes place even though it should not happen in theory.

We have seen that happen even from a Government who came in determined to clean things up. We have seen them fall into exactly the same traps as their predecessors. It is rather a surprise to us all to have this debate in the context of what has emerged from the last general election, because we all probably felt that things had been better cleaned up after 1997. There was a degree of consensus on that and a feeling that transparency would at least change things. We now know that the process has been more transparent, but that the public do not like what they see. When the political parties discovered that the public did not like what they saw, they tried to cover it up again by finding routes around the rules. Let us clear it up.

There is a third, fundamental reason why we should look to change. At the moment, we have the worst of all worlds. We have all the scandal and parties determined to try to find £2 million, £3 million or £5 million donations but, at the same time, we see a creeping increase in state funding. The public are putting in money, but they are not getting anything in return in terms of a cleaner political system. They are just adding to the arms race, a little like mortgage interest relief added to house price increases. As long as more houses are not being built, all such relief does is add to the price and it does not help anyone buy anything, but the state merely subsidises yet more increases in land value.

In this case, state funding has not stopped the political race for funding but added to the level of expenditure by all political parties. It has done so in a way that rewards the status quo. The money is tied to the existing political establishment on the basis of past political performance. In fact, all three parties do quite well out of it, and all will have views on how the other parties do. I know that the Liberal Democrats feel that we are a little hard done by. The Tories have made representations in the past to say that the official Opposition should get more money than other Opposition parties, including the Welsh and Scottish nationalists. Everyone has a view on that, but the truth is that such funding rewards the status quo. Those who have the seats—those who previously received the votes—receive funding through Short money and so on.

I genuinely welcome the fact that the Conservative party has changed its position, because it sometimes used to indulge in the most bizarre hypocrisy. I read an article by a former deputy chairman of the Conservative party a few years ago in which he opposed the principle of state funding, yet in the same year the Conservative party received the majority of its funding from the state when compared with donations—some £4 million in direct funding support from the state and the £3.5 million that the party raised in donations.

We are seeing a growth in donations, but the public are getting nothing in return. We need to watch what happens over the coming months, because I am extremely concerned that we will see another rather cosy deal for the establishment—including the Liberal Democrats—in which the status quo is further rewarded in return for, at last, the cut in the donations and expenditure that has taken place.

For me, the debate is not about what has happened with the three main parties. I am not saying that one party is better than the others—they are not. Some parties have bigger opportunities than others, and Governments will always be under the spotlight for giving favours because they in a position to do the most favours. Parties such as mine will always be under the spotlight for hypocrisy because we hardly ever receive donations; we seem to be whiter than white until we do, but we are no more able to turn down donations than the others. The same goes for Plaid Cymru and the Scottish National party.

We are all in the same mess, and we need to find a solution. To replace the funding raised by the political parties would probably cost 40p per elector each year. That is what it would cost to clean up the act. The crucial thing is that we should not be given yet more Short money, yet more policy development money or yet more money to reward the established parties. It is crucial in a functioning democracy that politics should be changed by the power of the people.

Support for the parties ebbs and flows; sometimes it goes towards the Conservatives, sometimes towards Labour and sometimes towards others. The political system is in a process of genuine change, and none of us knows what politics or the party structure might look like in 10, 20 or 30 years. It is vital that the parties should follow the public mood rather than dominating it, because the funding of established parties is based on that establishment. I have consistently argued that funding should be tied to the public support of members and supporters who make small-scale donations—match funding at the local level. That is important not only because of the establishment of the political parties, but also because of the fall in electoral turnout and political activity, of which all hon. Members are aware.

For some years, parties have been responding to that by almost ceasing to campaign in their safest constituencies and concentrating their resources, particularly their manpower, on the marginal seats. At the last election, the Conservative party probably used information technology and direct mail more effectively than any other party. Party activists were replaced with expenditure on phone calls, direct mail and so on; the activists were not really needed. It is therefore hardly surprising that the activist base for all political parties is now about 10 per cent. of what it was in the 1950s. Indeed, the Royal Society for the Protection of Birds has more members than all the political parties put together.

We can see that happening in party headquarters. I shall give as an example the figures cited in a previous debate. I am sure that the more recent figures will not be very different—and they are true for all parties. In 1991, the Conservative party had 147 central staff and 59 in the regions. By 2002, there were 172 central staff but only 18 in the regions. The reason is that political campaigns are fought less through the activist base or through local members; instead, central office is raising cheques for £5 million here and £3 million there, and loans for God knows how much behind the scenes—and spending that centrally to replicate what might otherwise have happened in the constituencies.

If we tied state funding to declared party members and supporters, it would make some fundamental changes. First, we would refocus political parties on

[Matthew Taylor]

generating local activity, membership and support in order to raise the money. We could then focus on building up membership and support in the safe seats as well as in the marginals. It is in the safe seats that we can build up the funding support. That will not only start building up the membership as a whole, but it would start to address the fact that political parties neglect whole chunks of the country on the grounds that "We will never win there" or "We are always going to win there."

Secondly, it would ensure a dynamic system that reflected the ebb and flow of support. If the Labour party was as unpopular as it might prove to be on Thursday, it would find it harder to attract members, supporters and donations. Political parties that offered an alternative would find it easier. If the Green party started to build up its membership, it would be able to bring in more support for its campaigns, and rightly so.

Support for the British National party would be based not on the fact that it polled 800,000 votes in the European elections, but on whether it could get people to register publicly that they were members of the party and that they made donations to it. If the BNP were able to get tens of thousands of people to register, it would probably be as entitled as any other party in a democracy to receive funding, but we all know that that is extremely unlikely. The fact is that people do not wish to register their support, and much of the support that the BNP receives is not directly for the party but is an anti-vote against other parties.

Tying support to individuals in that way would answer the big questions. It would ensure that we did not reward the status quo, which is fundamental in a democracy, and it would clean up the act. It would not be perfect. State support for parties would be difficult to enforce, and people would always be trying to get round the rules at the margin, but the tougher the rules—the more clear-cut it is that parties could not accept major donations—the more likely the system is to be successful. It is a little like anything to do with the law; there will always be those who seek to break the law, but if the laws are not put in place, it will be a free-for-all.

At the moment, we have an inglorious free-for-all, which is undermining democratic principles, and taxpayers are spending more and more on political parties and getting nothing in return. We need to clean up the act. If we do not change the system, the bad news that we have seen over recent weeks in the Labour party and to some extent with the Conservatives and the Liberal Democrats will be repeated more often, and political membership, party support and activity and electoral turnout will decline. We have the opportunity to change that, and I hope that the House takes it.

Several hon. Members *rose—*

Mrs. Joan Humble (in the Chair): Order. I anticipate that the contributions from those on the Front Bench will start at 12 noon, so Back Benchers have just over half an hour. I urge right hon. and hon. Members to be brief.

11.28 am

Dr. Alan Whitehead (Southampton, Test) (Lab): At present, the country has an increasingly profound sense of anti-politics. Whether that is the fault of the political parties or the result of the predominance of media glosses on political activity is perhaps immaterial.

I congratulate the hon. Member for Truro and St. Austell (Matthew Taylor) on securing this debate. He said that political party membership is tiny compared with what it used to be a few years ago. That has profound implications for the ability of political parties actively to pursue activities outside the minimum of fighting elections in any part of the country, or even to concentrate their forces on those seats that might be won.

The parties increasingly operate in response to large donations, loans and other forms of funding, rather than in response to the traditional way of raising money from party members. Indeed last year, only 13 per cent. of the Labour party's income and only 6 per cent. of the Conservative party's income came from membership dues. We are not about to become a country where the political party system is liable to break down. However, the system is, in terms of the ability of parties to do very much to engineer the political life of the country, close to tipping point. If that tipping point is reached, we will end up with a country that perhaps has what looks like political parties functioning, but in fact those parties will be elite organisations. Elections will be a parade of two or three elites before a population that otherwise has no involvement whatever in the process.

That will have profound implications for the democratic life of the country. Whether we like them or not, political parties are the guarantee that we have an electoral system that is genuinely competitive, that can involve far more people in the process of not only deciding the outcome of elections but participating in politics between elections, and that can avoid the idea either of us moving to an American system of the capture of parties just for electoral purposes, or of parties that involve merely the elites in London and the other large metropolises and that cease to exist elsewhere.

The second danger that we face—indeed, we have gone a considerable way down this path already—is that the participation with which political parties have historically concerned themselves between elections is replaced by an electoral apartheid whereby parties are responsible only for the representative issues with regard to elections and participation is something else entirely. For example, the only way in which someone can now be appointed to a wide range of public bodies is if they are regarded as representative; it is not that they are a representative. Part of the sine qua non of someone being regarded as representative is that they have had no involvement ever with a political party. Only then can someone be regarded as representative and be appointed to such a body.

It is remarkable and significant that the Electoral Commission has as one of its operating rules that no one who has had any involvement with a political party for the past 10 years can be employed by or in any way involved with the Electoral Commission. The body that regulates how political parties work has by definition an ordinance of denial of any political involvement of

anyone who is judging political parties. That seems to be the beginning of a strange situation for our political parties.

The almost pathological response of political parties whereby they increasingly rely on donations and loans to fund their activities is a danger that goes beyond the inter-party badinage and debate about who has done worse out of that and who has broken rules or sailed closer to the wind than other parties. The issue underpins the future of how we run our democratic processes as a whole.

People are contemplating a future of either centralised parties competing in the elite way suggested or of what we have seen in recent surveys. One conducted by a former Member of Parliament, Peter Bradley, showed the extent to which funding has been placed in local political parties as a simulacrum of local activity and has enabled activity to take place as if it were local activity but in fact is entirely centrally directed activity. That is a further danger to our political system.

That is the context in which we should consider state funding. We are talking about state funding for the health of our polity, not for the continuation of particular functions that already exist as far as political parties are concerned. It is only recently that political parties have entered the constitution, in the sense of being mentioned in any way in legislation or regulated in any way. It would be ironic if, just as political parties entered the constitution, they ceased to exist in the form for which they were regulated in the constitution.

It is true that political parties already receive a substantial element of state funding. That essentially reinforces the role of elite political parties, rather than dispersing that role. Therefore, when it comes to considering state funding over and above that way of doing things, we must consider the local. How can political parties outside that elite function facilitate political life and political participation—the role that political parties play outside the process of merely securing people for elections? How can that role be strengthened for the health of the polity? The debate must therefore be about how local political funding with state assistance can be secured.

I am attracted to some of the ideas in the report of the Power commission, which might feature in our debate today. There is the idea, for example, that people casting their vote should receive a voucher that they can then—publicly, I hope—exchange for a certain amount of local political funding for the party of their choice. That underpins the value of going to the polls in the first place and relates the popularity of a party, and the way in which it has operated at local level to secure particular votes, to how the party might be funded.

The framework within which I am making my remarks does not enter on trying to preserve a two or three-party system. In countries where state aid has been centralised, there are circumstances in which political parties that in effect have no function whatever in the state continue to receive funding as if they did. It is essential not to fall into that trap with state funding. Funding that enables the ebb and flow of party support to be recognised and that, overall, underpins the essential nature of the party political process for the health of the polity is the right way forward. If we frame our debate in that way, perhaps the role of anti-politics in deriding the role of political parties as regards the health of our democracy might recede to the extent that a political state that enables the party political debate to be conducted at both national and local level on the basis of a healthy level of funding, with acceptance of that funding as legitimate by the public, might just be a way forward.

11.38 am

Sir George Young (North-West Hampshire) (Con): I shall respond to your injunction to be brief, Mrs. Humble, but I want to compliment the hon. Member for Southampton, Test (Dr. Whitehead) on a thoughtful speech on an area on which he has made many contributions. He rightly stressed the importance to our democratic system of political parties. They are often derided, but are a precondition for a healthy system.

I congratulate the hon. Member for Truro and St. Austell (Matthew Taylor) on his choice of subject. He may have applied for the debate before the more recent sensational developments in the Michael Brown case but, as he said, we all have our crosses to bear on this subject and we have a mutual interest in moving towards a settlement.

Quite a lot has happened since we had the previous debate on the subject on 8 November 2005. The Electoral Commission has proposed changes to the Political Parties, Elections and Referendums Act 2000 in respect of loans, and the Government have suddenly decided that this is an area on which they want to make progress. We understand that discussions have taken place between the Prime Minister and my right hon. Friend the Leader of the Opposition. My hon. Friend the Member for Chichester (Mr. Tyrie) has published his excellent document as a contribution to the debate. I was interested to see the foreword by the Leader of the Opposition, saying that our Green Paper proposals are set out in detail and that there is a shared responsibility on political leaders to ensure clean politics in this country. The Constitutional Affairs Committee has begun an inquiry, as has the Public Administration Committee.

I hope that the hon. Gentleman will get a better response at the end of the debate than the one I received previously from the Minister of State, Department for Constitutional Affairs, the right hon. and learned Member for Camberwell and Peckham (Ms Harman). I asked her:

> "Do the Government intend to respond formally to the Electoral Commission's report and, if so, by what date?"

The answer I got was:

> "We will respond in due course, but I cannot give the hon. Gentleman a specific time."

I initiated that debate 11 months after the Electoral Commission published its report on the funding of political parties, and in the intervening period the Government have provided no response, or time for debate on that document. It would appear that six months ago, the Government did not think the matter frightfully important or urgent.

[Sir George Young]

There was a ray of hope, because in her winding-up speech, the Minister of State said:

"As a new Minister in the Department for Constitutional Affairs, I can get involved in this important debate."—[*Official Report, Westminster Hall*, 8 November 2005; Vol. 439, c. 19–21WH.]

Sadly, shortly afterwards, her husband erupted at being excluded from key decisions on Labour party funding, and she is no longer involved in this important debate. I do not blame her for that decision, which I think was sensible, but it meant that a new Minister has had to get up to speed on the subject.

We are dependent yet again on a Back-Bench Opposition MP providing a forum for debate. My views are on the record and I shall not repeat them. My starting point was the Neill committee report on standards in public life—specifically its recommendations 38 and 39, which dealt with tax relief by deduction at source for donations up to £500 a year for parties that received at least 150,000 votes. That was one of the few recommendations of the report that the Government did not accept. There was all-party support for it in the lower House at the time and, speaking from memory, the Government were defeated on the issue in the upper House, but refused to budge.

In his proposals, my hon. Friend the Member for Chichester has removed a potential objection from the Labour party, which argued that that recommendation penalised parties with large numbers of non-taxpayers. My hon. Friend proposed extending the benefit to non-taxpayers and increasing the cap from £500 to £3,000, making it of greater benefit to political parties. I hope that the Government will indicate that they have abandoned their opposition to such help and are prepared to negotiate.

One recommendation that we should revisit is the one dealing with the cap on national campaign spending. We have had two general elections since the Neill report and there are now good grounds for reviewing that recommendation. Neill proposed a cap of £20 million for the 2001 general election. I ask myself what would have happened last year if the Labour and Conservative parties had spent the same amount on the campaign as the Liberal Democrats. Would it have made much difference? I suspect that the answer is no. We could have a much lower national cap on what is spent at general elections.

Where do we go from here? I have two final points. At the end of the day, all MPs have to make a political judgment. On one hand, the polling evidence tells us that people do not like taxpayers' money going to political activities. On the other hand, they do not like what is happening at the moment, where parties are dependent on large donations.

Matthew Taylor: On that point, it depends on how the question is phrased. Polling has been carried out asking people whether they want state funding in order to clean up the act. There is majority support for state funding if that could be achieved.

Sir George Young: I am relieved to hear that, but if the hon. Gentleman talks to Members of Parliament, he will find that they see it as a question of which side of the argument is more powerful. I am more worried about the downside of further disengagement and disenchantment with the political process through the sort of stories we have heard in the past few weeks than I am by the downside of the unpopularity of funding our democratic process with taxpayers' money. We should find offsetting economies, as my hon. Friend has done in his paper. Some may be found in how we run the Palace of Westminster. We should link such support to promote broad-based political parties. My party is a decentralised party; I am sure that that is the way in which we should proceed. We should reduce substantially what can be spent on national campaigns.

What we need from this debate is not a Government statement on their policies—that would be a wild dream. We want a framework and a time scale for taking decisions. It is a scandal that 18 months after the Electoral Commission reported, the Government have not replied. What options are the Government interested in and which, if any, have they ruled out? When will the next step be taken and how will Parliament be involved? An area where decisions are taken in secret has got a lot of people into trouble. I hope that we can have some transparency this afternoon.

11.45 am

Hywel Williams (Caernarfon) (PC): To say that this debate is timely would be an understatement, even for myself—given as I am to understatement. All political parties have to tread very carefully in this matter, and I am certainly not going to climb on my high horse this morning. My party has no outstanding loans, apart from the one that we have for our building from HSBC. It used to be said that Plaid Cymru was not even worth bribing. Apparently, we are no longer worth lending money to, either.

I shall raise two points to contextualise the issue. As the Member representing Caernarfon, there is a direct line from me to Lloyd George, who had a hand in such proceedings in the past. During the debate on the honours system on Thursday, I made the point that Lloyd George took a clear view on the matter. Through his agents, he was a robust salesman of honours, and he used that money to fund his political activities in the 1920s and 1930s. That is rather like the situation today, but contrasts with the situation in the 1990s when individual gain was the motive.

My other point relates to an experience I had in America about three years ago, when I took part in an excellent visit organised by the British-American parliamentary group. I spent a few days with a Republican congressman on the west coast. During the course of a fundraising evening, he asked me how much I had spent on my last election campaign, and I naïvely said, "About 10". He said, "10 million?", and I said, "10,000". We do not want to go down that road. On that night—a very modest evening—he raised $88,000, but he also told me that 95 per cent. of his spending went on television advertising. If he could put that genie back into the bottle, he would certainly do so, as would the other US political parties.

I hope that those points are useful and that they contextualise some of the debate. I shall raise some points about the Welsh context, which I think will be useful. The hon. Member for Truro and St. Austell

(Matthew Taylor) referred to extremist parties. The National Front has stood for election in Wales, but its foul ruminations have not attracted much support. However, I refer hon. Members to the European elections, where, in my constituency, the vote was split between Plaid Cymru and the UK Independence party. Now, UKIP is probably not in the same field as the British National party, but as a party that took a strong view on the European situation, it could have attracted a good deal of support throughout Wales, and perhaps even have got a Member elected. That is also the case in respect of the Welsh Assembly. I draw hon. Members' attention to the fact that we have regional list seats, and it is possible that extremist parties that attract a certain amount of support and a great deal of money could get in.

In Wales, we are affected by the political debates in the UK as a whole, which disadvantages parties such as mine that operate in Wales, a country where people turn on their TVs and watch electoral broadcasts from England. Moreover, 85 per cent. of the newspapers in Wales come from England; the local press is very small. I am not complaining, but that is the context. We have seen glossy party political broadcasts, which influence people in Wales in the same way as they influence those in England.

I make this plea: if we are to go down the local and membership-based route, other political parties in Wales must provide a certain amount of transparency. I refer briefly to the fact that the accounts filed by the Labour party no longer distinguish between Wales and England. Rather gleefully, my party has said that the Labour party in Wales does not exist. I understand that the Labour party spent about £1 million in Wales, and it is alleged that about half of that came from England—it was not raised locally. That touches on the point raised by an earlier speaker: local strength and fundraising should be reflected more adequately. The other parties spent large amounts of money: £850,000 by the Conservatives, and £250,000 by the Liberal Democrats. My party spent £38,000.

There should be a national cap on donations—Welsh national as well as UK national. We need a system that recognises the particular local or, in my case, national context. There should be a cap of £5,000 on individual donations, and the state should provide some match funding, but on a sliding scale. If one were to contribute £100, there could be £100 matching; and if one were to contribute £5,000, there could be £150 matching. That is what we commend to the Chamber and to anyone considering these matters, such as Sir Hayden Phillips.

This debate is often presented as a choice between state funding or funding by rich men—and it is usually men. That is usually the offer: either we have large amounts of money or state funding. There is a third way, and I commend the reliance on membership, which is the route that my party takes, and the reliance on local support.

11.51 am

Mr. John Maples (Stratford-on-Avon) (Con): I agree almost entirely with the analysis put forward by the hon. Member for Truro and St. Austell (Matthew Taylor). We could spend this hour and a half scoring party points off each other, but it would be a terrible waste of time. We all have this problem, and if we have to raise money to pay for party politics, it is much easier for party treasurers to raise it in large donations. That leads to an unsavoury series of events, whereby Ministers have to turn up at dinners and people think that they have access. It gives at least the appearance of corruption, even if there is none in reality.

Party politics needs funding, however, and where I part company from the hon. Gentleman and, I think, everybody else who has spoken is over the concept of compulsory taxpayer funding. I do not see why people who are uninterested in politics or do not care for a particular party should have to pay through their tax system for its activities.

How does one square that circle? We could go on the way we are, but if we raise funds voluntarily, they will come from big donations. Or, is there an alternative to compulsory taxpayer funding? I think the answer is yes. There is a similar system in the United States. People could in their tax returns or in their tax coding agree entirely voluntarily to give a sum of money to a matching fund administered by the Electoral Commission. I shall come on to how it would be used.

In the United States, one can tick a box on one's tax return and give about $5 to a presidential election fund. Presidential candidates who use it are subject to certain conditions about transparency and the maximum donations that they can accept.

The scheme would be voluntary for political parties, because there is a freedom of speech issue. Much as I resent what James Goldsmith did in the 1997 election, I am not sure that someone should be stopped from doing it, because it is one way in which people from outside the political elite can break into it. To participate in match funding, a party would have to agree that it would not accept any donations over a certain size. In my view, that would be £10,000. I think that £50,000 is far too much. It may not seem a lot to us or a party treasurer, but to most of our constituents, £50,000 is a huge pile of money. I am not sure that they would consider its donation any less corrupt than £100,000 or £200,000. My limit would be £10,000, but if people wanted it to be £15,000 or £5,000, I would not argue.

If the party agreed not to take any donations in excess of £10,000, it would be eligible for the pot of match funding. For all donations it raised under the limit, it would be entitled to one-for-one match funding out of the pot. Few people will give £10,000, but in our constituencies there will be plenty of people who give £10, £20 or whatever. The aggregate of those donations should be matched pound for pound out of the match funding pot.

That proposal is different from taxpayer funding or tax relief on membership subscriptions or donations. Tax relief is compulsory taxpayer funding; it comes out of the other taxpayers' taxes, because less comes from the people making political donations. Both systems represent compulsory taxpayer funding.

Let us say that the figure that one could check on one's tax return or coding and give voluntarily was £2.50. There are 27 million income tax payers in the United Kingdom. If 30 per cent. of them agreed to give £2.50 each, the pot of match funding would amount to about £20 million a year. I realise that the arithmetic may be slightly more complicated, but over an electoral

[Mr. John Maples]

cycle that is about what the three main political parties spend every year. It costs the Labour party and the Conservatives about £12 million a year to run their central organisations, and they spend another £20 million in an election year on top of that. The Liberal Democrat figures are less—about £5 million a year over the electoral cycle.

If 30 per cent. of taxpayers were prepared to pay an additional £2.50 on their taxes into a matching fund, £20 million would be available to pay half the total party political bills for running the parties' central organisations and general election campaigns. It would throw back on to the party the need to raise their share—in our case, £10 million a year—of that in small donations, of which most would be much less than £10,000. It would be a good thing, because it would make us go back to our grass roots. It is an alternative to the compulsory taxpayer funding that I sense all parties are drifting towards. Raiding the taxpayers' pot is too comfortable a solution and too easy. My party should be the last to do that, because we are in favour of lower taxes and less public funding and more voluntarism. Indeed, on this matter, we are probably joined by the other two parties.

My solution is worth exploring. Everyone benefits. First, there would be no more large political party donations, which are the cause of the problem. Secondly, there would be no compulsory taxpayer funding, which would be widely resented if not by the taxpayers, at least by the press, who would give us a terrible time about it. Thirdly, it would give a big incentive for us to raise small donations. As a member of the public, it would mean a great deal for me to remove the big donors from politics. Then perhaps peerages could go back to people of genuine distinction.

11.56 am

Jo Swinson (East Dunbartonshire) (LD): I congratulate my hon. Friend the Member for Truro and St. Austell (Matthew Taylor) on securing this timely debate and highlighting a huge problem in the body politic. I shall focus on the relationship between party funding and political engagement.

We cannot separate the issue of party funding from party spending. The amounts spent at general elections seem a complete anathema to most people in the street. Much has been said about the restrictions on television and radio advertising, which are a very good thing in our society. However, the media world has changed over the past few years. In the past decade, there has been a huge increase in outdoor advertising such as billboards, ambient media and print advertising. It may be worth revisiting the restrictions on advertising in order to cover some of those other categories. Otherwise, as has been mentioned, we shall not engage people more in politics, but encourage an arms race in which one party spends £5 million on billboard advertising so the other party feels that it has to buy £5 million of advertising on billboards, too.

I have yet to meet a voter who is convinced by a billboard to vote in a particular way. When I speak to people, I often find that personal engagement is most effective. That was what I found when I was a marketing manager. Face-to-face marketing is the most impactful. It is not necessarily the most expensive method either, but if one is going to get volunteers to knock on doors, it is incredibly resource-intensive.

I am sure that other Members in the Chamber have had the same experience as I have of knocking on a door and speaking to a voter who says, "Do you know, you're the first politician that's ever come and knocked on my door?" Although we are delighted to have knocked on their door, equally we feel bad for the thousands of other householders in that constituency to whom we will not be able to speak. Even in my constituency, which was a target seat for the Liberal Democrats, we did not knock on every door. I would be surprised if there were many constituencies where parties are able to do that. That is a result of the decline in political membership and participation that has already been mentioned.

Given that situation, I am attracted by ways in which we could use party funding to put right what is wrong with our political system and to start to engage people better in democracy. The Power report makes a good recommendation, No. 20, which proposes a voter voucher scheme, whereby when casting a vote, one can tick a box to donate £3 each year to the party of one's choice. Interestingly enough, that may not be the party for which one votes. With our rather warped first-past-the-post political system, people in many constituencies will choose to give their vote to a party that has a good chance of winning, though they may have an affiliation with a different party. This would give them the choice to vote for the result that they want but in the meantime to support the development of a party that they may think is not yet ready to govern or to win the election.

Such a system would give an incentive to parties to engage at the local level. It is a great shame that that has been lost from the current system of party funding. The other advantage of such a system is that it would provide voters with a choice. Some people have suggested that there may not be public support for state party funding, but this would at least give people the choice of ticking the box or leaving it blank, with the money going back to the taxpayer.

This is an interesting issue, and the suggestion is worth considering. The match funding ideas that the hon. Member for Stratford-on-Avon (Mr. Maples) suggested are worth looking at, and I hope that the Minister will address them, as it is vital that we deal with the issue properly to encourage more participation and to have a healthy political system.

12 noon

Simon Hughes (North Southwark and Bermondsey) (LD): I am happy to take part in this debate. Unlike my hon. Friend the Member for Truro and St. Austell (Matthew Taylor), I am not a frequent participant in debates of this sort. When he gave me a little file the other day and said, "Now that you have taken on the job of speaking for us on constitutional affairs, you may find this of interest," I had not realised how many speeches he had made. I am persuaded by the approach that he has pursued throughout, which has produced a good-tempered and sensible debate on what is, clearly, a controversial issue. We could all be on the back foot and in difficulties, but instead we all have a common interest.

I also discovered that there are some fairly regular contributors to these debates: the hon. Member for Southampton, Test (Dr. Whitehead) and the right

hon. Member for North-West Hampshire (Sir George Young) have consistently criticised the present system and made arguments for change, as have the hon. Member for Chichester (Mr. Tyrie) and others. Many people have argued that, first, we must have significant change; secondly, it must come soon; thirdly, we must reduce the influence of big donors; fourthly, we must engage in local political activity; and fifthly, if we get it right, we could refresh our democracy, which is also perceived as being in crisis. I shall say things that support that approach.

This issue has been languishing on a back burner. As the right hon. Member for North-West Hampshire said, the Electoral Commission produced a good report. It went to the Government and sat there. Nothing happened—we have all been waiting. It is one of the ironies of politics that it was the husband of a relevant Minister—the Minister of State, Department for Constitutional Affairs—who opened the box. I pay tribute to Mr. Jack Dromey, a resident of Southwark, who got the debate going again. He never was a quiet man. He made what will probably be remembered as his most significant contribution, and he was right to do so. I do not say that in a partisan sense.

Let me deal with other things that are still up in the air. We are now in the middle of a series of inquiries. My party and the other parties—Plaid Cymru, the Scottish National party, the Conservatives and Labour—will give their views to the two Select Committee inquiries that have been launched. Lord Falconer gave his first evidence the other day to the Constitutional Affairs Committee, which is chaired by my right hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith), and the Public Administration Committee will consider the issue as well. Everybody will give evidence.

Sir Hayden Phillips has been brought back into the picture to consider the matter again. The Minister and I debated the honours system in this very Chamber the other day. We discovered that there had been radical and good Select Committee reports on reforming the honours system, and then Sir Hayden Phillips was asked to come up with some proposals. The Government have been much more willing to accept his proposals, which were less radical than those of the Public Administration Committee. I hope that they will not now be timid about responding. Obviously, we will not get final answers until later this year.

For the record, it is only fair that I explain my party's position. I shall keep within my 10 minutes. We have not debated the matter or formulated policy since 2000, and much water has passed under the bridge since then. At that time, we endorsed the view that UK parties should receive a modest injection of state aid. I note in passing that a great deal of money is already available. My hon. Friend the Member for Truro and St. Austell made that point well, and we all agree about that.

We said that state funding should be broadly related to votes gained in the previous general election and the number of seats to be fought, as is the practice in many other European states. For regional parties—I interpret this to mean parties in Wales and Scotland—it would be based on performance in the relevant area. We believe that funding should go hand in hand with curbs on total national spending by parties on election campaigns, and that the limit for a general election should be £10 million. Finally, payment of state funds to political parties must be made conditional on publication of full accounts, particularly the source of all donations over £1,000. My party and the Conservative party said nothing about the issue in our manifestos for the last general election. The Labour party made some general statements, but the debate was not formally taken on.

What are the issues now? I shall identify them and give views expressed in recent days on behalf of my party by my right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell), who is the new leader of my party, by me and by other colleagues.

First, we must separate party political donations from seats in Parliament. We made that point in the debate in this Chamber the other day. It is clear that that link and the perception of it must end. Clearly, it is damaging the health of the body politic. My view is that we ought therefore to have no further nominations to the House of Lords until the issue has completely been sorted out; that is, until we receive the Phillips report, see what it recommends, and agree on how we should proceed.

Mr. Andrew Turner: Does the hon. Gentleman agree that if the perception could be removed—and, of course, the reality, where it exists—there would be less objection to people giving large donations to political parties? The perception might be removed if donations were put into a blind trust that could be administered by, for example, the Electoral Commission.

Simon Hughes: That is a constructive and positive suggestion. I know that it is being discussed elsewhere, and my party would welcome such an approach. Of course, there is an argument that people should be free to do with their money what they will. If they want to give it to political parties, they should be able to do so, but such donations should not be seen to influence things. The hon. Gentleman's suggestion would be a way of dealing with that. It does not deal with some of the other criticisms made by my hon. Friend the Member for Truro and St. Austell, but it is a possibility.

For the moment, though, we should not make nominations to the Lords until it is clear that we are all comfortable with the system. The Government made a commitment to trying to get reform of the Lords quickly, and I hope that we can reach agreement. On behalf of my party, I repeat the pledge that we will be constructive in trying to get an agreement. In my view, the Lords must have a majority of elected Members—that is the only ground for consensus—and then there are much more complicated issues to deal with about powers and so on.

Everybody is now agreed that loans as well as gifts must be included. Amendments to the Electoral Administration Bill, which will be debated in the House of Lords later this month, have already been tabled. We must change the code of ministerial conduct. Whatever the truth—I am not suggesting that there has been any impropriety—there appears to be a conflict of interest if Ministers, whether actual or potential, are big donors. We must change that.

The last points that I want to make are about some important linked issues. My hon. Friend was absolutely right to say that, because of the combination of the political, electoral and funding systems, money is spent in only a few places in all elections. That is the case for

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general elections, and he will know, as I do—I have been around the country in the past two months—that it is just the same for local elections. Target seats are fought over, and often the rest of the local authority area is not visited by any politician at all. We must get everybody engaged. We need a system that rewards people who are not in target seats. Of course, that will involve changing the electoral system so that every vote counts. The other parties must deal with this serious issue, or we will not address the malaise.

My hon. Friend the Member for East Dunbartonshire (Jo Swinson) discussed advertising. The costs of literature and campaigning activities were published the other day, as were the costs of e-mails, texts and telephone calls. One has to ask how such spending will be monitored, as in some areas it is much more difficult to monitor than in others. Do we want to go down the road of having a political system that requires people to vote and to pay for parties—compulsory voting and compulsory paying? I do not believe that the public are ready for either of those things, which would discredit the body politic even more.

In conclusion, although a little more public funding may be appropriate—that is my party's position—I am open to the suggestions made by my hon. Friend the Member for Truro and St. Austell and the Power report and mentioned by other Members that we should consider the five things on the list: matching funding to donations; tax relief playing a part; a cap on donations; local contributions to help local campaigning; and lastly, that the reward, if any, obtained from the state should be based not only on donations but on the share of the electoral vote, party membership or a combination of the three. I say simply that such things should be on the agenda. I am keen that we open that agenda this year and with urgency, because the system is not working at the moment.

12.10 pm

Mr. Andrew Tyrie (Chichester) (Con): I congratulate the hon. Member for Truro and St. Austell (Matthew Taylor) on securing this debate. There have been many thoughtful speeches about this issue on which I and others here have contributed for a number of years. My views are well known; indeed, I have put forward specific proposals—not quite my party's proposals—in previous debates.

As he wound up, the hon. Member for North Southwark and Bermondsey (Simon Hughes) sounded as if he was reading the Conservative party's proposals. I could hardly spot an item of substantial difference, and that cheered me a lot. In a moment, we shall find out from the Minister whether there is tripartite agreement.

There has been near, although not quite full, agreement on six basic points. First, the electorate have a very unfortunate smell in their nostrils and something has to be done about that. We cannot carry on as we are. The electorate believe that money can buy power, access and influence in politics and that honours can be traded. Among other things, this corrodes the reputation of the House of Lords. The hon. Member for Southampton, Test (Dr. Whitehead) said that the health of our polity was at stake and my right hon. Friend the Member for North-West Hampshire (Sir George Young) talked about political disengagement.

The second point on which we agree is that all parties have contributed to that impression over the years. I am stumped on the apparent historic connection between the award of honours and business donations during the 1980s and 1990s. The Liberal Democrats are in deep treacle of their own—from a cursory glance, I think it the deepest of the lot, although I shall not go into detail. I shall not go through the litany on the Labour party either. We agree that we are all in the treacle to some degree.

The third thing on which we agree is that the steps taken so far have been insufficient and in some respects counter-productive. In this case, transparency has not been enough and, in some cases, the watchdog reports have fuelled press stories that have eroded further the credibility of politics and politicians. Sometimes that has been warranted, sometimes not.

With the collapse of the Lord Levy loans empire, there will be a return to a focus on the issue of union power and how, historically, unions have funded the Labour party. They are about to appoint the next Prime Minister and were involved in the Warwick agreement during the run-up to the last election; such issues will come back and become central to party political debate. All the steps taken so far, including attempts to moderate union influence over political parties—one party in particular—have failed.

The fourth thing on which we agree is that radical reform is needed to clean things up. The Conservative party has made a number of proposals, such as a cap on big donations, on which there is wide agreement. We can argue about what constitutes "big"; I have proposed between £1,000 and £5,000, while my party proposes an initial cap of £50,000. Such proposals should be the basis for discussion. My party's other proposals include a ban on loans and an end to all corporate, institutional and union financing. I agree with my party that there should be a reduction in the overall cost of politics; part of that might involve a cap on the amount spent in general elections.

There is also agreement on a fifth point: such proposals will leave the parties short of money—with much less money than now. There is near agreement that there should be some modest increase in state support. There is disagreement, or not full agreement, on how that can be delivered, and that issue should be discussed. A number of proposals, or menus of proposals, have been put forward today. One of the Conservative party's proposals is that there should be tax relief at the basic rate, and that has been proposed by the Neill Committee and the Electoral Commission too.

My party has also proposed a match funding scheme for non-taxpayers, an essential corollary if non-taxpayers are to be empowered, and additional funding on top. This could be related to votes cast or an extension of a match funding scheme—possibly a voucher scheme, as is proposed by the Power commission. My hon. Friend the Member for Stratford-on-Avon (Mr. Maples) has put forward an interesting scheme to donate money through tax coding. All such suggestions, however they are dressed up, ultimately involve some form of extension of state support. The question is how best to put them together.

The sixth measure of broad agreement is that we have to break completely the link between honours and donations. That has not been much discussed this morning, but I know that the majority of Members here strongly support that.

Mr. Andrew Turner: In my hon. Friend's fifth point, he referred to the large measure of support for some additional taxpayer funding; I must say that I do not share in that support. Will he explain what is wrong with somebody giving £5 million to a fund administered, say, by the Electoral Commission, and the commission passing that on to a political party, or more than one, rather than people being forced to give money through taxes?

Mr. Tyrie: If that money were given to a governing party, the risk is that people would think policy might change once the party became aware of who gave it. None the less, there may be other ways, beyond those I have listed, of distancing donations from parties and Government—

Ann Winterton (in the Chair): Order. You have a charming back, Mr. Tyrie, but will you face the Chair now and again? I should like to see your face.

Mr. Tyrie: I shall do my best, Lady Winterton.

Matthew Taylor *rose—*

Mr. Tyrie: However, I have to look away from you occasionally.

Matthew Taylor: I could have intervened on my hon. Friend the Member for North Southwark and Bermondsey (Simon Hughes) or on the Minister to make this point. Members here support another issue, although perhaps not universally. We should reform funding in a way that increases local activity rather than leads to the centralisation of the parties. That is my big concern about tying funding to past electoral performance. The more parties have to engage supporters and members to access whatever funds there are, the better they will be able to address the other side of this issue—the increase in the political activity of millionaires and the decrease in everybody else's.

Mr. Tyrie: I am grateful for that intervention.

I was going on to say that there are principles that everyone here appears to agree should lie behind any scheme. It just so happens that those five principles have been published by the Conservative party. First, the scheme should be fair and transparent; secondly, it should encourage local participation, which is essential; thirdly, it should be open to all voters, not only to taxpayers, to participate in; and fourthly, it should be voluntary for parties. The hon. Member for Truro and St. Austell disagrees with me and the Conservative party on that. If a party decides not to take the cash, it should not be obliged to obey the rules. There should be freedom of access to the political system; we should not ossify it. The fifth principle is that the amount given should be proportionate to the task. We should spend the minimum required.

For the sake of clarity, I shall end by mentioning a couple of other points. First, the published proposals are Green Paper proposals, which form a package. The Conservative party will look sympathetically at anything else that is proposed or at a modification of those proposals. Secondly, I am confident that when the Conservative party wins the next election, its leader will act on them. There will be fundamental reform in this area.

I do not have time to go into the freedom argument as I know my hon. Friend the Member for Isle of Wight (Mr. Turner) would have liked to have done in some detail. It is an extremely important issue.

The ball is now firmly in the Government's court. The Conservatives have published their proposals and the Liberals' proposals have been out since 2000. The Labour party seems trapped in its union entanglements and is unable to provide us with its proposals. It has failed to respond to the Electoral Commission. Last week, the Lord Chancellor said that the Labour party would publish its proposals within a month. Will the Minister tell us whether that is correct? Will she assure us that they will be published? Will they address the key outstanding issue: the financial relationship between the unions and the Labour party?

12.21 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Bridget Prentice): I shall try to rattle through things so as to respond to as many contributions as possible. Should I not manage to respond to points, I shall write to all hon. Members.

I endorse the comment made by the hon. Member for North Southwark and Bermondsey (Simon Hughes) that this has been a good-tempered and sensible debate. I congratulate the hon. Member for Truro and St. Austell (Matthew Taylor) on securing it. Good-tempered and sensible as it is, it struck me yet again that there are almost as many opinions on the subject as there are Members of Parliament and, possibly, as there are Members of the other place and people in the media.

Nevertheless, one or two themes came through with some consistency. One was the idea of some kind of cap on national funding and an increase in state funding, albeit there are a variety of views about how that could be achieved. In addition, we would all welcome enthusiasm for more activity locally and an engagement with local communities and local members. Such activity has not been as lively as it might have been in recent years.

I also want to outline some of the things that have taken place and, in so doing, perhaps respond to the point raised by the right hon. Member for North-West Hampshire (Sir George Young) about the Electoral Commission report. The Government welcomed that report. Although I shall not be able to give him the full answer, any more than my right hon. and learned Friend the Minister of State, Department for Constitutional Affairs was able to in November, perhaps I can move things on a little.

We have been in detailed internal discussions with the Electoral Commission, because it recognised within those discussions that further work needed to be done. Some of that has now been subsumed in the Hayden Phillips' review. That will not make the right hon.

[Bridget Prentice]

Gentleman too happy. The Electoral Commission will be working with Sir Hayden Phillips closely so that his review, which will come out at the end of the year, will be able to be progressed fairly quickly. In a sense, because we did not respond in the way that the right hon. Gentleman wanted within the past 18 months, things have now been overtaken by events. Whether that is a good thing is for him to reflect on. It will now be part of that review.

The hon. Member for Chichester (Mr. Tyrie) mentioned the Labour party's views. I am not here today to speak on behalf of the Labour party because it would not be appropriate for me to do so. I can endorse what my noble Friend Lord Falconer said at the Constitutional Affairs Committee the other week. It is our understanding that the Labour party will publish its response by the end of the month. We all look forward to seeing it.

A comment was made about blind trusts administered by the Electoral Commission. The Committee on Standards in Public Life said some time ago that the problem is that their dominant feature is that the beneficiaries do not know who has contributed. That is obviously what blind trusts are about. However, it felt that that made them inappropriate because it moves away from the policy of transparency and openness that several hon. Members have tried to encourage.

My hon. Friend the Member for Southampton, Test (Dr. Whitehead) made a thoughtful contribution. He mentioned the Electoral Commission not having the involvement of politicians for a period of 10 years. The Committee on Standards in Public Life is reviewing the commission's work and that is an aspect of its work that will be examined closely. In defence of the commission, it has a group of great and good ex-Members of the House that advises it from time to time. We need to wait to hear what the Committee on Standards in Public Life has to say about whether that will be made into a formal process.

I want to make it clear that thriving political parties are an essential part of not just a functioning democracy but a vibrant one. I think we would all endorse that, although no one has said it so far. We should not be afraid to stand up and say that. Several factors affect the legitimacy of the party system. We must make it clear that political parties are an important part of our form of democracy and we need them if we are to have vibrancy in our democratic system.

The increasing reliance on big donors poses two risks: the appearance of the capture of a political party by that donor and the appearance of the irrelevance of individual members. The hon. Member for Truro and St. Austell made that a central part of his contribution. We have moved quite far already, although much more needs to be done. We have put in place a transparent regime for the reporting of donations and have created the independent Electoral Commission. As I announced to the House on 20 March, we are now bringing forward amendments to the Electoral Administration Bill to introduce a regime to apply to loans, which will be similar to the donations system in respect of transparency and permissibility.

We are all responsible for the current situation. Speaking in the Grand Committee on that Bill, Lord Goodhart said:

> "In retrospect, we in the Committee on Standards in Public Life were, I fear, somewhat naive in not realising that loans, even if nominally at a commercial rate of interest, could be used to evade the rules of disclosure".—[*Official Report, House of Lords*, 23 March 2006; Vol. 680, c. GC 216.]

We all accept the position as we now find it.

I hope that we can use this debate as an opportunity to raise the questions that we need to ask Sir Hayden Phillips. There are difficult issues. We, as politicians and representatives of our parties, must continue to engage in them. I hope that we will use this debate as part of the contribution to his review. I look forward to further debates of this nature so that I, too, can hear the different views of Members about how we best move forward to sustain a vibrant and participatory democracy in this country.

Local Radio Franchise (Plymouth)

12.30 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): Over the past two years, through a series of debates—about our university, our burgeoning health and marine science industries, our transport challenges and the urban renaissance in my constituency—I have been able to draw to the House's attention the progress of the city of Plymouth. My Conservative predecessor left a legacy of Plymouth having the poorest ward in England. We now have an urban vision developed by leading architect David Mackay, a planning framework to implement his vision, and the award of the Royal Town Planning Institute silver jubilee cup to the city council team that is bringing it on-stream—it beat the team that is bringing the Olympic village on-stream. We will soon be unveiling the economic strategy to match our ambitious aspirations for the built environment. Progress is evident all around us in Plymouth in the form of cranes on almost every horizon. Plymouth is a city on the move. Strong partnership work across the public, private and community sectors underpins its new-found confidence.

It was therefore unsurprising that when Ofcom announced that applications were invited for a licence to operate a new commercial radio station in Plymouth, there was a lot of interest from people in the area. That interest came from people with substantial roots in the community, and with proven track records of running businesses, particularly in the radio and media industry. David Rodgers, David Fitzgerald, Ian Calvert, Richard Bath, Louise Churchill, Elaine Elliott, Alan Qualtrough, Graham Gilbert, Angela Rippon and Hugh Scully, to name but a few, came forward in respect of four bids with local roots. As well as investing their own time and money over two years and undertaking four trial broadcasts, they took into account the views of more than 4,000 people living in Plymouth, dozens of Plymouth businesses and hundreds of listeners.

Unsurprisingly in the context of a city on the move, all that research pointed in the same general direction: a wish for there to be a radio station that is much more Plymouth-focused than any of the current stations, and for it to complement and reinforce the pride and confidence people have in the city. Therefore, there was consternation, disbelief, astonishment and downright anger when the bid went to an outsider, Diamond FM. Its proposals simply do not stack up in accordance with the climate of opinion in Plymouth as most people understand it.

In a straw poll of immediate reaction to the decision, the chamber of commerce notes responses such as "an absolute farce", "unbelievable", "bizarre" and

"a cynical decision with enormous consequences".

Other responses included

"the most arrogant abuse of power by an unelected body",

"contempt", and

"the beginning of the end of British owned local radio".

For where else will British local business people collect together to invest in the region of £100,000—which is how much it takes to put a local bid together properly—if a foreign-owned bank can waltz in and do what amounts to little more than desk research over the space of a month to make a successful bid?

As the Minister and Ofcom have pointed out in replies to letters written by me and other furious people, there are four criteria to which Ofcom is required to have regard in awarding licences. They are set out in section 105 of the Broadcasting Act 1990. Let us consider each of them.

The first criterion is financial sustainability over the 12 years of the licence. It is extremely unlikely that the viability of any of the bids could have been questioned, given the substantial media shareholders who backed them. In questioning 20 advertisers, Diamond was unable to find a single one who would commit to advertising on the new radio station—hardly a ringing endorsement of its sustainability. So why did Ofcom award the licence to an applicant with financial projections which the regulator regarded as "ambitious"? Surely that can only mean that there is a strong probability that over time the quality of the programme service on offer will be downgraded so that the company stays profitable. From what people tell me about the way Macquarie Bank Ltd operates, it is hardly likely to sustain a loss leader.

Criterion (b) is how far the proposals cater for the tastes and interests of people living in the area that the licence covers, or any particular tastes and interests where that is the basis of the proposal. Ofcom refers to Diamond's proposal as likely to be "relatively popular"—which, again, is hardly a ringing endorsement. The bid is rock-based, and experience elsewhere in the UK is that rock is a notoriously difficult format with which to achieve acceptable audience levels. It also has a strong male bias, and I note that the Radio Licensing Committee considering the licence comprised of one woman among its seven members. That is unacceptable.

The research of the other four applicants produced overwhelming evidence that pointed in the same direction. Why was it ignored? Why, at a time when Plymouth has such bold ambitions, was Diamond allowed to make a virtue out of not consulting people who are leading the renaissance? On page 52 of its application, Diamond states:

"we have spent no time procuring letters of support from business, civic and community leaders".

Apart from Diamond's very thin local research and its making no reference to the key elements of the city's progress that I have mentioned, it wrongly quotes the name of the local paper and refers to "the Plymouth Sound", which no one who is local would ever do. Surely it could have involved at least one local person who would have spotted that. Indeed, we have yet to come across any evidence that before being granted the licence it visited the city at all, except through employing market researchers. No trial service was conducted to see whether Plymothians liked what it was offering.

Criterion (c) is the extent to which any proposed service would broaden the range of programmes available by way of local services, and cater for tastes and interests different from those already catered for. Diamond's application estimates that a locally provided rock-based station would cater for a taste not currently provided for. I will comment further on that claim in a moment.

Ofcom refers to

"Diamond's comprehensive local news proposals".

[Linda Gilroy]

At three minutes long per bulletin, they are certainly an improvement on those of the existing radio stations, which offer minimal local focus. Weekday news bulletins from 6.30 am to 6 pm are short—usually two minutes long—and are biased towards national and international stories. Provision of local information is minimal. However, Diamond's proposal is hardly in line with the aspirations that the more broadly based research of the other applicants demonstrated. What Plymouth really wants is much more local focus than that offered by the existing operators—97FM Plymouth Sound, Classic Gold Digital and Pirate FM.

Criterion (d) is the extent to which there is evidence of demand or support for the provision of the proposed service from people living in the area. Rock-based formats always prove challenging in the UK. After nine years, Xfm still achieves only a 1.5 per cent. audience share in London. Virgin AM nationally achieves only 1.6 per cent. and in London, where it is on FM, it achieves only a 3 per cent. share. Kerrang! in the west midlands has a 3 per cent. share.

Audience research suggested that those who wanted such a format also wanted minimal speech interruption of the music. Streaming and iPods increasingly make that possible, and will make achieving audience share with rock even more difficult. Rock music is readily available from at least three other services: Virgin AM, Planet Rock and Xfm on digital—the future of radio, perhaps. However, Diamond expects to achieve a 7.5 per cent. audience share in its first year, rising to 10.7 per cent. in year three.

The four Diamond applications were clones of each other, the common format being classic rock. Was Diamond ever going to bother about local support or be responsive to local need? How can a genuine verdict be expected before the evidence has been examined? The sample of Plymouth opinion taken by Diamond was derisory. Its licence application states that it spoke to 452 people, and 128 stated a preference for a classic rock station—a minority of a tiny sample. So Ofcom has decided that a city with a population of between 200,000 and 300,000 people will, for at least 12 years, be landed with a radio station based on the preferences of 128 of its citizens.

What my constituents say is lacking in Plymouth is a quality local news and information service—a radio station for Plymouth. Can Ofcom really say that its award of the licence satisfies the need for comprehensive local news, let alone for a fully fledged station with broad local content? Diamond has tried to recognise that by talking up that aspect of its bid in a way that allows Ofcom to tick the box, but Diamond's provision will represent only marginally more than current providers, and in a way that is wholly unlikely to meet the aspirations revealed by other applicants' research. What a lamentable waste of precious airspace at this crucial juncture in Plymouth's future.

All in all, Diamond seems to have a very tenuous claim to meet any of the four criteria. The statement Ofcom issued some weeks after the award of the licence outlining its reasoning stated,

"given the characteristics of the area, it felt unable to indicate whether any one of the four statutory licensing criteria . . . would be likely to be regarded as of particular significance. However, it was stated that, in respect of criterion (d)—the extent to which there is evidence of local demand or support for a proposed service, Ofcom would be likely to attach greater weight to robust and meaningful evidence of demand as demonstrated by findings from research undertaken in the licence area and, if appropriate, detailed analysis of the existing market, than to evidence of local support as demonstrated by letters from potential listeners and/or advertisers."

Why? Had it already made up its mind that it needed to create the conditions for a formulaic, cloned approach, such as Diamond's? Diamond's bid bears a close resemblance to unsuccessful Macquarie-backed bids by Radio UK Holdings Ltd. in Swansea, the north-east and Southend. It seems clear that Ofcom was tilting the playing field to allow Macquarie bank to take its place as one of the foreign-owned UK radio operators permitted by the Communications Act 2003. What on earth else could account for its being awarded the Plymouth licence when its application was so lacking in quality? Plymothians deserve better than that.

Diamond has no directors or senior managers with any knowledge of Plymouth that we are aware of. Tim Schoonmaker is listed as non-executive chairman. He is an American who certainly has great experience in UK radio from working with Emap, but he has recently joined Credit Suisse bank. Despite public reassurances that he will remain in post, it seems unlikely that he can do so for long, as he will be working for one of Macquarie's competitors. We now understand that Shaun Gregory, former managing director of Emap, is to become chief executive of UK Radio Holdings Ltd. We still have no idea who will manage the Plymouth radio station.

By way of contrast, three other applicants—Drake FM, Plymouth Live and Radio Plymouth—are local groups, and there is abundant evidence of their seeking opinions, trialling programme services and gaining support for their plans. All three easily demonstrate the financial resources necessary to sustain a 12-year local radio licence.

The Minister has responsibility for creative industries as well as broadcasting. I hope that he will take particular note of the recent letter that I received from Mark Hawkins on behalf of Plymouth Media Partnership, a cluster of just under 600 people involved in media and new media in the city that is set to become one of the five or six key clusters at the heart of the economic strategy that I mentioned earlier. He wrote to me as follows:

"We would like to make you aware of the astonishment and anger within the Plymouth media community at the recently announced decision by Ofcom to award a new local radio licence for the City to a company owned by an Australian Bank . . . The shock at this decision has not only been felt in Plymouth but also further afield. As one senior media executive told me 'It is a real slap in the face for an industry that has been identified as having huge potential for economic growth in the region. It is a disgrace that one of the locally owned bids did not succeed and enable the indigenous industry to grow' . . . Of equal concern is the complete disregard for the views of the people of Plymouth".

Pointing out that the Diamond application showed a minority of respondents expressing an interest in the format, he said:

"The substantial combined research of the other groups indicated an entirely different need."

That comes from a body that is in touch with the pulse of Plymouth in a way that no other group can claim to be with quite the same credibility. The Minister has responsibility for industries that are especially important in our region. We need to have confidence in his ability to consider what is happening in Plymouth in a joined-up way.

Perversely, Ofcom's decision can only result in a sub-optimal outcome for extending choice, providing diversity for local audiences and encouraging our indigenous small and medium-sized enterprises in the media sector. That cannot be right. If the Minister believes that my arguments do not add up to enough reason to take a closer look at what is going on under the current legislation and guidance, I invite him to tell me how and when we can revisit the criteria that led to such a perverse outcome.

Local radio should mean what it says on the tin, and I can certainly say that hell hath no fury like Plymothians who feel that they are being conned. Ofcom could scarcely have picked a less appropriate community on which to inflict a decision to grant a foreign, top-down media interest a licence for a local radio station. No city has a greater sense of new localism. If Macquarie sees the writing on the wall saying that its top-down bid is not welcome in Plymouth, perhaps the Minister can insist that it tells us sooner rather than later, and lets us have the licence back so that we can have a genuine local contest. Can he tell us whether the period that Macquarie has been allowed for developing the bid can be foreshortened? Why is it being allowed two years at this critical time in our city's history? The other bids would have been up and running much earlier. If the Minister can answer none of the above, perhaps he will consider asking Ofcom to look into whether, given the exceptional circumstances that I have described, there could be a further licence for Plymouth.

I am sure that the anger and frustration that I am channelling into Westminster from Plymouth is palpable, and it is probably only fair to signal to the Minister that we will look for further ways to raise the issues that I have outlined—after we have considered his response, of course.

12.45 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (James Purnell): It is a pleasure to speak under your chairmanship, Lady Winterton. I congratulate my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) on securing the debate. She has made an extremely powerful case, and I am sure that what she says was listened to with interest, both here and outside this Chamber.

This is an important issue for Plymouth, and I know that there are real concerns about the subject locally. My hon. Friend has been tireless in raising it, and in campaigning, not just on that issue but on the general importance of the economic regeneration of Plymouth. She has been discussing the issue before us with Ministers ever since the decision first came to light, as has my hon. Friend the Member for Plymouth, Devonport (Alison Seabeck).

My hon. Friend the Member for Plymouth, Sutton is a constant advocate of the economic regeneration of Plymouth. She is absolutely right to showcase the importance of the creative industries to that regeneration. In fact, on 14 December she brought a delegation from Plymouth to the Department for Culture, Media and Sport to discuss the future of local television. We discussed how local television could act as a learning slope for students who want to get into the media, as well as the importance of the role that local media can play in acting as a catalyst for the development of the creative industries in Plymouth and in the south-west generally. The delegation's central point was that the media and the creative industries will be at the heart of the economic future.

I have been lucky enough to visit the south-west regularly since becoming Minister with responsibility for creative industries, and I know that my hon. Friend's view about the importance of those industries is widely shared across the region, but in particular by Juliet Williams, the chair of the South West of England Development Agency. She has been centrally involved in my Department's creative economy programme. That regional development agency is actively looking to support the emerging creative industries in the south-west.

Of course, the media are not just of economic importance; they are also culturally and democratically significant. They help to shape our local and regional identities, and it is in the media that we have debates about the future of our cities, towns and regions. That is the second reason why the issue of a licence has been of such interest in Plymouth.

In the brief time available to me I should like to explain how the decision was taken, reassure my hon. Friend about some of the local content issues—if I can—and perhaps explain what more can be done if she is not satisfied. The first and overwhelming point to recognise is that licensing is a matter for Ofcom, which takes its decisions independently of Government. That is quite proper; that is the view shared by all parties in the House of Commons. It is not for me to justify or defend Ofcom's decisions. That is a matter for Ofcom, and it is quite able to do that itself. However, it is worth thinking through what the consequences would be if politicians were able to double-guess Ofcom's decisions.

It is right that decisions be taken by experts, based on the evidence, because otherwise politicians would clearly have a conflict of interest in choosing radio stations that could cover politicians' activities. To understand that, one need only do a thought experiment about a licence being won by a group chaired by a member of a political party, or someone who had been involved with a political party. If the Government of the day decided to double-guess the decision taken by Ofcom, it would lead to widespread public concern. That is why the decisions are taken by Ofcom. Before Ofcom, they were taken by the Radio Authority. It is right that those decisions be independent, and Ofcom should be able to take them without feeling that Ministers are standing behind it, ready to intervene.

Radio spectrum is scarce, so only a limited number of services can be made available in any one area. As my hon. Friend said, the Communications Act 2003 gives Ofcom a general duty to ensure the availability of a wide range of radio services throughout the UK. When taken as a whole, those services should be of a high quality and calculated to appeal to a variety of tastes and interests.

[James Purnell]

The Broadcasting Act 1990 requires Ofcom to take into account several factors in awarding a radio licence, and my hon. Friend went through them. They include the applicant's ability to maintain the service, the extent to which the service caters for the tastes and interests of people living in the area and broadens the range of programmes available, and the evidence of demand or support for the proposed service. Those criteria are designed to ensure a fair and transparent evaluation mechanism for applicants. They also ensure a choice of high-quality radio services for listeners throughout the period of the licence.

My hon. Friend was clearly concerned about localness. The Communications Act recognised the importance of the local content and character of commercial radio services. Consequently, it gave Ofcom a new duty to secure, where appropriate, that services should include programmes containing local material and that a suitable proportion of programmes should be locally made. The Act defines local material as material that is of particular interest to persons or communities living or working in an area.

The localness regime does not and was not intended to dictate that licence owners should be locally based. In practice, however, Ofcom requires that stations be located in the licensed area and that the service produces at least some locally made programming. Ofcom has said that it is not appropriate to prescribe in advance a specific amount of local or locally made programming for the purposes of licensing. Rather, it is for applicants to consider what is appropriate and to construct their applications accordingly. Once proposals on local context have been made, however, they become a mandatory part of the service. A local content guarantee is therefore built into the licences.

Ofcom set out in detail how those criteria were applied to the Plymouth licence award, and my hon. Friend commented on them in detail. I shall not comment on the merits of Ofcom's decision, although the regulator noted that the winning bid contained more hourly local news than bids from other applicants. Anybody listening to the debate will be clear, however, that my hon. Friend disagrees with Ofcom's decision.

My hon. Friend asked specifically about the two-year period in which the service is to be up and running. I understand that that is a maximum and that the service will be up and running within nine months.

My hon. Friend's comments also concentrated on local ownership and local representation. The foreign ownership of broadcasting services is not a new concept in the UK, and it has been possible for non-UK residents to own radio licences since the Broadcasting Act 1990. The Act allowed anyone from any member of the European economic area to own a broadcast licence, and anyone from beyond the EEA to hold cable and satellite licences. The Communications Act went one step further by removing foreign ownership restrictions on all broadcasting licences. There is nothing in legislation, therefore, to prevent a foreign company from owning a licence.

In the case of Plymouth, Ofcom stated that the applicant would be the fifth local commercial broadcaster in the area and that the ownership of the licence by a wholly owned subsidiary of Macquarie bank would place Diamond in a strong position

"to establish a secure financial base"

and mean that it would

"have access to significant resources".

That is the case that Ofcom made, although, as I said, my hon. Friend has doubts about it. I am sure, however, that she will continue to raise the issue with Ofcom.

To say the least, my hon. Friend has made a powerful case in explaining why Ofcom's decision has not been warmly greeted by all sections of the Plymouth community, but I hope that she will understand why I cannot pretend to be able to overturn that decision. As I said, there is no facility for ministerial double-guessing of Ofcom's decision, but my hon. Friend clearly believes that there are further issues to consider. She will therefore need to discuss those with Ofcom and, indeed, she is already doing so. I hope that she will also look at the local content guarantee and that she will be reassured that there are facilities and processes to enable us to consider any worries that might emerge about local content as the service develops.

My hon. Friend mentioned her concern that those local content guarantees might be diluted if the service were not financially viable. She might be interested to know, however, that anyone who believes that a licence holder is failing to comply with the terms of their licence or format can complain to Ofcom. In some cases, that could lead to fines or even the loss of the licence. Moreover, Ofcom itself will conduct regular sampling of stations to ensure that they comply with their formats.

Linda Gilroy: I am listening carefully to my hon. Friend's response and I suspect that he will tell me that there is the possibility of judicial review if we are totally unsatisfied with the way in which Ofcom has gone about its job. However, I am concerned that we have got the whole framework wrong and I hope that my hon. Friend will cover what I said about local radio meaning what it says on the tin. What opportunities do we have to revisit the question of whether we have got the framework right?

James Purnell: If my hon. Friend wanted to revisit the framework, and people decided that that was necessary, we would obviously need to revise the Communications Act. She knows how long that would take, and although I do not want to dismiss that possibility, it would not make any difference to this particular licence award. The Act has been on the statute book for less than three years, and there is no appetite for revising it at this stage. As I said, the prime route for raising concerns about the licence is Ofcom, which makes the relevant decisions.

Although local radio and licence applications have been a real concern locally, they are not the end of the story in terms of media in Plymouth. One area of potential interest that my hon. Friend might want to consider is community radio. Community radio stations are run and generally owned by the local community and address exactly the issues that she described. They provide the opportunity for local coverage and debate and are typically run by local residents and community

groups. Some people see them as providing exactly the kind of service that my hon. Friend thinks her constituency needs.

Linda Gilroy: I am reluctant to intervene, because we are reaching the closing stages. However, Plymouth is the 15th largest city in the country, and we aspire to be among the top 10. We want fair treatment under the arrangements for allocating commercial radio licences.

James Purnell: I understand what my hon. Friend is saying, but I am seeking to explain that if she is unsuccessful in achieving a material decision on the award of the licence, there are further routes, beyond looking at the licence application. Some people would say that the movement towards community radio is significant and is not to be dismissed. It could help to address some of the concerns that she raised, and she might like to work with local community groups to explore that possibility. Indeed, the Community Media Association can help groups interested in developing local stations, and I encourage her to discuss the opportunities with it.

Beyond local radio, there is the possibility of local television, as I discussed with my hon. Friend's constituents when we met. That could involve satellite, the internet or, potentially, digital-terrestrial. I hope that those suggestions are helpful—

Ann Winterton (in the Chair): Order.

Tax Credit Overpayments (Edinburgh)

1 pm

John Barrett (Edinburgh, West) (LD): I am delighted to have secured this debate at what is an opportune moment, with the latest report from the Public Accounts Committee hot off the press and the latest figures for overpayments due for publication in the coming weeks. Now is an ideal time to reflect on the current state of the tax credit system and the scale of the problem. I am also delighted to see the Paymaster General in her place. She has met me and other hon. Members to discuss the issue, and I appreciate the seriousness both with which she takes the suggestions that are put to her and with which her office has done its work.

Hardly a week goes by without a constituent turning up at my advice surgery having experienced problems with tax credits. Later I shall highlight just three such cases, but there are many more in my constituency and the rest of the city. Each case has caused financial hardship for the individual or family concerned, many of whom live on a tight budget and who have given the tax credit office the correct information and on time.

Central to my remarks is my view that if a constituent has supplied all the information requested on time and informed the tax credit office of any changes of circumstance, it is reasonable for them to assume that the calculation by the department would be correct. The cases that I intend to highlight are examples of where all information had been given and yet the tax credit office still insisted on repayment. That injustice must not be allowed to continue.

I am sure that many hon. Members agreed with last week's report of the Public Accounts Committee, which condemned as deplorable the fact that thousands of already hard-pressed families will have to pay back money because of Revenue mistakes. We are talking about almost £1.9 million in overpayments and £700,000 in underpayments, out of £5.7 million in awards. That is an enormous problem rate, especially when it comes to clawing back overpayments and paying out underpayments.

The situation in Edinburgh broadly reflects the national picture. The latest figures show that almost 30,000 people across Edinburgh are in receipt of tax credits. The figures for 2003–04 show that almost 32 per cent. of tax credit awards in Edinburgh were overpaid. That left 9,800 families in the city being forced to repay an average of £1,020 each. It is no secret that a similar level of overpayments for 2004–05 is widely anticipated. It is for that reason that today's debate is so important.

I would not suggest that the tax credit system has not made an important contribution, either in providing work incentives or in reducing poverty, but this debate is about the thousands of people across Edinburgh, some in real poverty, whose situation is being made much worse by a systemic failure that the Government must address. The adopted system of annual assessment was inevitably going to lead to some overpayment and underpayment of tax credits, but it is now clear that the Government grossly underestimated the scale on which the problem would occur. I am sure that hon. Members are familiar with the figures, but it is worth reminding ourselves of the sheer size of the error.

[John Barrett]

In 2003–04, Her Majesty's Revenue and Customs paid out around £15.8 billion in child and working tax credits to 5 million families, and paid out a similar amount in the following year. In each year, around £2.2 billion was overpaid to about 1.9 million families. That was more than double the amount expected when the system was initially set up. Government oversight on such a scale has contributed to the current inability of the system to cope with the magnitude of the problem that we now face.

Without doubt, part of the problem can be traced to the complexity of the system. Often it seems so obscure that it can baffle even the experts. Far too often no explanation is given for an overpayment and the chance of getting through to someone on the helpline has, for many, seemed nigh-on impossible. Figures show that there have been millions of unanswered calls to Government helplines. That must be addressed.

The Paymaster General (Dawn Primarolo): I do not diminish at all the points that the hon. Gentleman wishes to make about his constituents, but I remind him that figures that he quoted on difficulties getting through to the helpline are from 2003—the first few months of the tax credit computer. We have never disputed the fact that there were problems, but the helpline has improved considerably. Most people get through on the day and I would be grateful if the hon. Gentleman acknowledged that.

John Barrett: I am certainly glad to acknowledge that. I am delighted when access to a helpline is improved, not only for hon. Members but for our constituents. I take the point that the Paymaster General makes and welcome all improvements.

While the complexity of the system is undoubtedly leading to a high incidence of error, there is also a danger that vulnerable claimants, such as elderly pensioners, could be put off from taking up benefits by what they perceive as a wall of complicated forms and impenetrable jargon. Newspaper headlines revealing massive benefit clawbacks are hardly the best encouragement for those thinking of applying. I look forward to hearing the Paymaster General's comments on that.

I should like to qualify my remarks. I do not suggest that the Government are responsible for every overpayment or underpayment in the system. I entirely agree that, if an individual fails to inform Her Majesty's Revenue and Customs of changes in circumstance or has made an attempt to hide or embellish information, it is only right that the Government should reclaim any amount overpaid. However, in too many instances mistakes have been caused by official error. It is in that context that the Government have acted entirely improperly and in which I look forward to hearing the Paymaster General's views.

If constituents of mine have been open and honest in their dealings with the tax credit office and yet internal mistakes have led to an overpayment, it is unacceptable to demand large amounts of money back from people who reasonably assumed that the Government would get their sums right. It is nothing short of outrageous that decent, honest, hard-working people are forced into financial hardship as a direct result of incompetence in the system. Such people are not premiership footballers who can have a few weeks' wages deducted with no adverse effects. Many tax credit recipients budget from week to week and cannot afford to have their payments halted or to pay back large sums of money that have already been spent. I appreciate that the Government have made some progress in that regard, making provisions, I understand, to write off debts worth around £1 billion for those who would suffer extreme hardship as a result. Nevertheless, they have an obligation to do more. I should like them to take a leaf out of the Australian book by admitting to their mistakes, wiping the slate clean and writing off all overpayment debts resulting from official error.

The effect of the Government's policy is that a constituent of mine who has been overpaid through no fault of their own and entirely through the incompetence of the Revenue will have that money reclaimed by the Government. That constituent will then have to try to stop the reclaim. One example is Mrs. Pauline Duff, who contacted me a while ago. She and her new partner moved house from one part of my constituency to the South Gyle area. The tax credit office reassessed the claim and the new amount was half of what it was before. The new assessment was sent to Mrs. Duff at her new address and included her new partner's full details.

In 2005, the tax credit office advised that an overpayment had been made because Mrs. Duff had failed to give details of her change in circumstances. The office claimed that she had failed to inform it of her new address and of the fact that she was living with her partner. However, the letter was sent to her new address and contained all the details of her partner, so that explanation did not stand up to scrutiny. A small payment of £85 in compensation has been made to Mrs. Duff for errors and delays on the part of the Tax Credit Office, but it is insisting on reclaiming from her overpayments of £4,517, which she cannot afford. That is entirely wrong and unfair.

The second example is of Mr. Terence Dwyer, who became unemployed in 2003. Later that year he was successful in getting a part-time job, and then moved to a full-time job. His partner, who was then a housewife, started work as a home help for Edinburgh city council, where she remains today. They informed the tax credit office of her rate of pay, number of hours and relevant details, as well as of his rate of pay, working hours and relevant details. The tax credit office later advised that owing to a computer glitch it had assessed the claim on the wrong figures of joint income, despite Mr. Dwyer giving all the correct information. The glitch meant an overpayment to Mr. Dwyer of £1,423. He has asked the tax credit office for a breakdown of the calculations, but none was forthcoming. The office has stated in no uncertain terms that it will require all the money back. It is that fundamental unreasonableness at the heart of the system that is causing so many problems.

A third case is that of Mrs. Mowat, a widow with four children. In July 2004, the tax credit office advised her that her award was £2,249. She had previously written to advise it that her second youngest child had just left school. In late 2004, she received a second notice to say that for the same period the amount that she was entitled to would be reduced to £1,585. She made

numerous telephone calls to the tax credit office and was finally promised that the system would be rectified to show the correct date of the child's leaving school. She received an award notice in 2005, which said that she had been underpaid tax credits. In November 2005, she received the form "Request to reconsider recovery of tax credits", which she filled out and returned in December 2005. No reply has yet been received.

Those are three cases of people providing the details and being absolutely honest, submitting all their changes of circumstances on time. The Government form TC846 states clearly that if the Revenue has

"paid too much tax credit as a result of a mistake we have made and it was reasonable for you to believe we were paying you the correct amount, we will not ask you to pay back the amount overpaid."

The use of the term "reasonable" is the crux of the problem. When constituents such as Mrs. Duff and Mr. Dwyer bring a case to me, they do not think that it is reasonable that they should be expected to be able to work out something on a form that they barely understood. I do not believe that the responsibility to check and correct the Revenue's mistakes should rest with my constituents. A constituent such as Mrs. Mowat, who is claiming child tax credit, should be devoting her time to helping her children with homework, not checking and correcting the mistakes of Revenue officials.

In his last Budget, the Chancellor—who introduced the tax credit schemes—raised the threshold for changes in income that could be disregarded when provisional payments were reassessed from £2,500 to £25,000 in order to improve the situation. I understand that the increase has been made to cut the number of claimants whose entitlements will change when they are annually recalculated. Although the Government believe that the changes could reduce the level of overpayments by as much as a third, nevertheless they do not deal with the unfairness at the heart of the system that I have just documented. What is needed is a fundamental rethink of the benefits system and a move towards a fairer system of fixed awards and clearer award notices.

I have been slightly amused by the way in which the Chancellor has managed to distance himself from recent difficulties in his party, watching troubles unfold from afar in Africa, but he will find it altogether more difficult to avoid the continuing chaos in the tax credit system. Lest we forget his words at the launch of the system, I repeat that he promised that it would help those on the lowest incomes. For a system designed to improve the lot of the worst off, it has been far from an unqualified success. Rarely has tough love been so tough. As my hon. Friend the Member for Yeovil (Mr. Laws) has said, the Chancellor should not be allowed to escape responsibility for the social and economic costs of the flawed policy. I am sure that the Paymaster General is aware of some of the comments my hon. Friend has made.

Although teething problems are inevitable for any new system, the people of Edinburgh are entitled to expect more in the way of improvements to the system. In the words of the Chairman of the Public Accounts Committee, we find ourselves with a system that has become

"increasingly arcane, unwieldy and baffling both to benefit staff and customers."

I concede that steps have been taken to improve aspects of the problem, such as removing anomalies from housing benefit, but as the Committee put it the improvements have been "rather piecemeal developments" and the lack of objective ways of measuring complexity in the system means that it is difficult to see whether they have had any major effect.

With a Government obsessed by means-testing and targets, it is clear that too many people are being failed by the system. When the Government talk about helping those on the lowest incomes, it is worth remembering that the gap between rich and poor has widened since 1997, with the percentage of the tax burden on the poorest still heavier than that on the best off. If the tax credit system was supposed to reverse that shameful record, it has a long way to go.

Many of my constituents are rightly impatient. They are suffering under the present system and are asking for what the Government have promised in statements. They will accept nothing less.

1.15 pm

The Paymaster General (Dawn Primarolo): I congratulate the hon. Member for Edinburgh, West (John Barrett) on securing the debate today at short notice. He raises some important issues. I will deal first with the matters of policy, and say why I could not disagree more with the hon. Gentleman's assessment, and pick up on some of the points about his being inundated. I am not sure where the casework is, if it is not with me. I will then deal with the three cases that he raised, those of Mrs. Duff, Mr. Dwyer and Mrs. Mowat.

First, I remind the hon. Gentleman that the debate, as he rightly says, is in connection with families in Edinburgh who receive tax credits that, with child benefit, deliver financial support to the vast majority of families with children in the UK. They play a vital role in tackling child poverty and helping make work pay.

The hon. Gentleman repeated today, as his party often does, that the gap between rich and poor is becoming greater. That is because they choose to ignore the impact of tax credits. It is convenient to miss out information that does not fit the argument that one would want to advance.

Tax credits provide more than £15 billion support to nearly 20 million people. They play a major role in moving people into work and aid mobility of labour, helping men and women to move up the employment ladder, thus achieving one of the Government's aims of greater employment flexibility. That has happened in Edinburgh as it has in many towns and cities across the country. The policies, combined with economic stability, have helped to increase the number of people in work by 2.3 million. Like the US earned income tax credit, tax credits help people off benefits and into work. When people move into work the flexible tax credit system corresponds to their changes in circumstance. More and more research is coming out that demonstrates that the flexible system of tax credits is infinitely better than a fixed system that is unfair, limited and unjust in that it does not fulfil any of those objectives.

Let us consider the question of fairness, which the hon. Gentleman touched on. As I have said, the real test of fairness is that tax credits tackle family poverty. They

[Dawn Primarolo]

have done that, lifting 700,000 children out of relative poverty since 1997 and more than 1.5 million out of absolute poverty, many in his constituency and mine. Tax credits are designed to be inclusive and not to stigmatise people. The hon. Gentleman may remember that the system for those out of work was entirely different from that which applied for those in work; people carried a stigma and had terrible problems in moving from unemployment into paid employment. That has been removed through the tax credits system. It is a progressive universalism; the credits help every family, but some families receive considerably more help, which is important if we are to tackle poverty.

Tax credits introduced a fundamental change to the welfare state. It is an income-related system; in effect, it is a negative tax. However, the hon. Gentleman and his party never take that point on board, nor do they include it in their calculations. The system supports 6 million families and 10 million children, with 360,000 families being helped with child care costs who were never helped under the old system. That compares favourably with the fact that only 800,000 families received family credit. Put another way, more than 19 million people benefit from tax credits. That is seven times the number who received family credit, or nearly one in three of all people.

The hon. Gentleman said that the system puts people off. Let us consider the take-up figures. I do not dispute that there were computer problems in the early months of 2003–04, the scheme's first year; the problems were huge, but I have repeatedly been frank to the House about them. Despite those problems, however, tax credits were at a record level, with take-up at 80 per cent. in the first year of operation. That vastly outstripped family credit, which barely reached the upper 60s in its last year of operation.

For low-income families, the group mentioned by the hon. Gentleman as being unfairly treated, the take-up rate was about 90 per cent., which is higher than any previous income-related system of support for families with children. The figures demonstrate that take-up is not being undermined by the same problems that we saw in the first year. The reverse is true; take-up is rising steadily. That does not show a system in crisis, as the hon. Gentleman asserts; nor is it in chaos.

It is a system to which people are committed and of which they have an understanding, and they know how it benefits them. How did all those people apply if the system was so difficult? The truth is that the questions are straightforward: How many children are there? How much do they earn? Do their partners earn? There are other related questions on child care, and they are asked where they live and whether they will notify us of any change in circumstance. It would be difficult to make it more straightforward and responsive.

We are discussing a typical constituency—the hon. Gentleman's or mine. We are discussing a family with two children on half the average earnings; in today's climate, they would be receiving £4,200 a year more as a result of the tax credits. Indeed, the very poorest can now receive up to £107 a week, compared with £20 in 1997. It is breathtaking that the hon. Gentleman should assert that those families are worse off and that they do not get what they should from the system.

Evidence continues to show that money is going to those families. The evidence is not the Department's, but an independent assessment of the system, and it shows that the money is benefiting the children. As the poorest have seen their incomes rise, they have increased their expenditure on children's clothes and on fruit and vegetables faster than average family spending. That is crucially important; it goes to the heart of the points raised by the hon. Gentleman.

John Barrett: I appreciate much of what the Minister says, but at the heart of the issue is the fact that although constituents have given details accurately and on time, miscalculations have been made. Before she deals with the details of my constituents' cases, I should point out that a number of people have told me of similar cases. For instance, one young constituent told me this weekend that she is having to pay back £900 as a result of a miscalculation; she just accepts that it has to be repaid. Not everyone who has been overpaid and who is having the money clawed back has come to me. However, I have much anecdotal evidence that many people who have suffered such miscalculations are not pursuing the case. They simply accept it.

Dawn Primarolo: I was about to deal with the hon. Gentleman's constituency cases, but he questioned take-up of tax credits, he questioned whether the system was helping the poor and he went on about helping those most in need. I felt that I had to respond. I could not leave those assertions on the table and unchallenged. I hope that he appreciates that.

I turn now to the cases raised by the hon. Gentleman, and the anecdotal evidence that he mentioned. I do not see how Governments can plan in response to anecdotal evidence. We have to work on real evidence. He wrote 23 letters to the tax credit office within a year, many of them on the same case. He has written to me on five occasions, and he has telephoned the MPs' hotline 11 times. I know that each of those cases is important and that they need to be dealt with. However, given that there are something like 6,000 families in his constituency in receipt of tax credits, the hon. Gentleman must accept that that does not fit the definition of chaos. To supplement that with anecdotal evidence makes it impossible. I might as well have a crystal ball to help me define policy.

I turn to the cases raised by the hon. Gentleman. He is right about the current policy on overpayment, which people accept. When an overpayment occurs as a result of an official error and it is unreasonable to expect the claimant to have noticed the error—that is, Her Majesty's Revenue and Customs did something with the information on the form that the claimant could not possibly have known about and the claimant attempted to inform HMRC—it has been clearly and repeatedly stated in the House that the reasonableness test and the official error combined will be applied. As the hon. Gentleman acknowledged, if there is real hardship the Department has the discretion to write off the overpayment, to slow down repayments or to supplement income to the family in order to avoid it.

Each of the three cases that the hon. Gentleman cited arose in 2003–04, which I have already acknowledged was a difficult year, and from the information that he gave it is impossible for me to respond on the spot.

However, I have some familiarity with the case of Miss Duff, because the hon. Gentleman has written to me about it—he is still awaiting a reply, and I hope to write to him soon—and he has asked a parliamentary question. In the Miss Duff case, I have every sympathy. I have seen HMRC's explanation—there are many points in its favour, such as misunderstandings of what Miss Duff did or did not tell it—but the time lapse needs to be taken into account. I hope to write to the hon. Gentleman within the next few days to confirm that Miss Duff should not be asked to repay her tax credits, as it is not her fault that she was overpaid. I need time to consider the other two cases. I hope that the hon. Gentleman will allow me that.

In conclusion, I am always happy to meet or correspond with any Member of the House, and if there is an injustice in the system I will certainly sort it out. However, I will not give an inch to anyone somehow inferring from one mistake—

Ann Winterton (in the Chair): Order.

Social Behaviour Teaching

1.30 pm

Mr. Graham Allen (Nottingham, North) (Lab): Raising the issue of the teaching of social behaviour in primary schools is simply the most important thing that I can do as a Back-Bench MP for the future of my constituency. In November, I became chair of the local strategic partnership in Nottingham, which we have revived and relaunched as One Nottingham. Its mission is to tackle deprivation and inequality not by running after symptoms, but by prevention and early intervention. One Nottingham has three emblematic policies: to create a city strategy to bring people on incapacity benefit back into work; to co-ordinate activity on the 50 most difficult families in Nottingham; and, most importantly, to teach social behaviour to every primary school child in our city. We continue to develop that work and offer neighbourhood renewal funding in co-ordination with our partners, especially the local education authority, and with full support from Ministers responsible for schools, for which I am most grateful.

Why teach social behaviour in primary schools? Our white, working-class, outer-city former council estates are beset by the symptoms of educational failure, including petty criminality, antisocial behaviour, teenage pregnancy, low aspirations and low academic attainment. Eleven per cent. of kids going to secondary school cannot read the first lesson. We send fewer kids to university than any other constituency in the UK. All those symptoms can be tracked back to the inability to learn effectively because of poor social, emotional and communication skills. The teaching of social behaviour is designed to give youngsters at primary school the essential skills that we all take for granted, but in my constituency are not always taught by parents.

Ofsted inspection after Ofsted inspection reports that, despite high standards of teaching, leadership and environment in local primary schools, youngsters do not attain acceptable standards. The reports go on to state that many of those children arrive at school unable to complete a sentence and to recognise a letter or a number. In those circumstances, it is essential that the children are given the social toolkit to be able to learn, rather than being squeezed into a middle-England academic model, which dooms them at the age of five to a lifetime of failure. The Government are now helping us to address the causes of the problems, rather than the symptoms, which is most welcome. To drive ever harder on the consequences—be they child abuse or young people not obtaining five A to C grade GCSEs—without addressing the causes is no longer a sustainable or long-term strategy.

What is social behaviour? Essentially, learning social behaviour involves learning the skills necessary to progress at school and the ability to resolve arguments without violence, to empathise with classmates and to develop self-respect and mutual respect. It includes responsibility for and ownership of behaviour. Children need to understand that their actions have consequences for themselves and others. They need to learn techniques for solving day-to-day problems, particularly alternative courses of action to deal with provocative situations.

[Mr. Graham Allen]

Social behaviour means children valuing themselves and their achievements. Poor self-esteem is at the root of many conflict situations. If children have a belief in their own worth and potential, they are much more likely to value and respect others. Teaching social behaviour means growing the ability to understand, share and express feelings appropriately. Children with competent communication skills, who are effective listeners and who can co-operate and express feelings appropriately, are better equipped to manage in the classroom.

A social behaviour curriculum includes responsibility for and empathy towards others. It includes helping children to put themselves in another person's position, to see themselves as part of a group, to learn from others, to be receptive to others and their perceptions and to be tolerant of others' views. Social behaviour means being able to co-operate. I am talking about children being helped to acquire the skills that will help them to work with others not only at school but in their working life. It means being able to make and evaluate decisions—to reflect on decisions and their outcomes—and to analyse situations effectively.

Those attributes of emotional intelligence, which middle-class kids take for granted, are often absent in Nottingham, despite the excellent early years and children's centre work. Social behaviour is not a cuddly add-on to the so-called proper teaching of academic subjects; it is the prerequisite for that teaching and attainment. One head teacher told me this weekend that of a sample group of children who behaved badly in his school, only 4 per cent. attained age-appropriate academic standards when tested.

However, this issue is not only about education. With the respect agenda, we are beginning to understand that if the tackling of antisocial behaviour is to be effective, it must be complemented by the earliest possible promotion of social behaviour. Likewise, the objectives of our health and our skills partners in Nottingham—for example, on improving life expectancy and widening vocational training—will be met only by rounded, socially able young people who can break out of the inter-generational cycle that we are suffering.

I do not necessarily say that social behaviour has to be taught everywhere, but in areas such as mine—in areas that need and want this—we need to do for social behaviour what we have done so successfully for literacy and numeracy. I ask central and local government to reflect on what we can learn from that success. Standards in literacy and numeracy have been raised in—I have scribbled down eight key ways, but I am sure there are more.

First, standards in literacy and numeracy have been given a special place at the heart of the compulsory national curriculum. Targets for improvement have been set and rigorously monitored at national, local and school level. Secondly, head teachers have been trained in effective leadership and management of literacy and numeracy in their schools. Thirdly, schools have been held to account, through Ofsted inspections, for the quality of the literacy and numeracy teaching that they provide. Fourthly, local authorities have received high levels of funding to appoint literacy and numeracy consultants to provide training and support to schools. Fifthly, lead people in schools—literacy and numeracy co-ordinators—have been appointed. Sixthly, massive investments have been made in information and communications technology resources—for example, materials for use with interactive whiteboards—to teach literacy and numeracy. Seventhly, huge efforts have been made to involve parents, even those who are harder to reach, in supporting the teaching of numeracy and literacy in schools. Eighthly, schools are receiving large amounts of Government funding to provide additional one-to-one and group support for children who need extra help to catch up with their peers.

There must be investment in social education in the local education authority areas that need it that is comparable to the investment that we have made, wisely, in the teaching of mathematics and literacy. That investment must be made in supporting children who need help to catch up in social and emotional skills, in ICT, in school-based co-ordinators who are enabled to develop their own in-depth expertise through professional studies in social and emotional learning, and in intensive, funded support for the learning and skills council in order to enable schools to involve parents. I am referring to family social and emotional aspects of learning programmes to parallel the successful family literacy and numeracy programmes.

Some people worry that academic achievement will be squeezed out if school time is needed to teach social behaviour. The opposite is true. Once we equip young people to learn, the academic achievement in what are currently educational deserts will blossom beyond imagination. We need to stop swatting the mosquitoes and start draining the swamp. Since the last debate on this subject, which was three years ago, I have been reinforced in my belief in the value of social behaviour teaching. Everyone—Ministers, practitioners and local head teachers—is starting to realise that that early investment is essential if we are not to waste all these young people's lives and to incur the massive lifetime financial costs of failure.

I recently visited Sweden, which has had the stability necessary to develop the preventive policies required. The standard practice there is for one year's paternity and maternity leave to be followed by the child going into a nursery at the age of one so that their social skills are developed, enabling them to make the best of the academic curriculum, which does not begin to be taught until the age of seven. In Finland, which has the highest academic attainment in Europe, a similar concept of developing a rounded, properly socialised young person is central to its levels of achievement. The lesson is that personal development precedes and facilitates academic achievement.

In Nottingham, we have already started down the road of teaching social behaviour in every primary school. One third of primary schools in Nottingham took part in the social and emotional aspects of learning—SEAL—pilot, which ended in August 2005, and which we are now rolling out nationally. Already the LEA has agreed that it

"will roll out the social behaviour programme and make it available to all primary schools in future. We will use all our education improvement networks and key staff such as education psychologists and education welfare officers to promote the good work when they visit schools and to offer training and support to the schools. We will evaluate our work to see what has gone well and build on that with new initiatives."

We are looking to go further. In my capacity as chair of One Nottingham, I am seeking to agree with our partners, including Department for Education and Skills officials, regional advisers and the local education authority, a series of further measures in a Nottingham pilot.

The Minister's colleague, my right hon. Friend the Minister for Schools, has already written to me stating:

"we support your working in partnership with the LEA to approach perhaps 20 primary headteachers in Nottingham with a view to carrying out a pilot around the teaching of social behaviour which—if successful—could be rolled out across the city".

The letter continued:

"in addition to teaching this holistically across the curriculum schools would approach this through a discreet hour, possibly on a daily basis, to give it a comparable impact to the successful teaching of literacy and numeracy. This raises issues of curriculum space, teacher training, and curriculum content which partnerships need to resolve However, neighbourhood renewal funding, which you have offered from One Nottingham, will enable staff training and curriculum development to take place swiftly".

Discussions to make progress in that direction will continue, especially with the local education authority, and notably with Edwina Grant and Councillor Graham Chapman, the director and chair of the children and young people's department.

Ministers, the Department, Ofsted and the Qualifications and Curriculum Authority have already done much to make it plain that such an approach by the LEA and heads will be supported. However, 20 years of indoctrination into a target-driven top-down culture cannot be undone overnight, whatever flexibilities are said to exist in the current system. Excellent people locally, such as those in the LEA and school heads, need to be clearly and constantly reassured that if they do what they know to be right in local circumstances they will not be penalised on inspection.

I emphasise again that this is not a soft option, but the solution to Nottingham's educational problems. Achievement in this area and the measurement of social behaviour attainment has to be at least as tough as it is in the case of literacy and numeracy, with clear and effective benchmarks demanded and consistent year-on-year improvement sustained.

We might also want to think about the messages given by current inconsistencies relating to what we expect schools to deliver in the curriculum. Personal, social and health education is not compulsory in the primary years. Citizenship is compulsory in secondary, but it is afforded little status and is in need of a radical review to bring in the explicit teaching of social and emotional skills. Might it not be time to look again at the curriculum to ensure that it is designed—like the literacy and numeracy curriculums—on the basis of a framework of social and emotional competencies, with a clear progression from zero to 19 to which all our children and young people are entitled?

Once we have established the teaching of social behaviour in primary schools in Nottingham it will be important to do something similar in secondary schools. The social and emotional skills covered there need to build on those developed in primary education and include relationship, family and parenting skills, pre-empting high teenage pregnancy rates and the 58 per cent. of Nottingham births that take place out of wedlock. That will allow us to complete the virtuous circle of effective intervention, not just at primary and pre-school levels, but at the pre-pregnancy stage by ensuring teenagers have a better understanding of how to raise a family, sustain viable relationships and help their children attain prior to school.

It is impossible to overestimate the positive impact that that will have, and not just on crude academic attainment, but on health, crime, skills, quality of life and personal relationships. Enabled youngsters will learn, attain and achieve, and pass on these gifts to their own children, thus busting out of the cycle of inter-generational failure. Not having the will to do it will trap families, and communities such as mine, into repeated failure, underachievement and waste with the accompanying symptoms of bad behaviour in school, antisocial activity on our streets, criminality, joblessness and drug abuse.

The partnership with One Nottingham, the LEA, Government, head teachers and others is addressing the need to teach social behaviour in our primary schools. We can pay lip service to it, or get on and do it. The choice rests with us.

1.46 pm

The Parliamentary Under-Secretary of State for Education and Skills (Maria Eagle): May I begin by saying how much of a pleasure it is to respond to my hon. Friend the Member for Nottingham, North (Mr. Allen)? His remarks reflected the close and passionate interest he takes in the future well-being of children and families in his constituency. It is clear that he is closely engaged with some of the most difficult issues in his constituency. I congratulate him on his advocacy on behalf of his constituency this afternoon and I recognise that this issue has not just appeared on his horizon; he has been talking about it for some time. He has had a chance, therefore, to develop his opinions and ideas on the subject in a significant way during the past few years. I know that he has been tackling Ministers at various levels of the Government about this matter through every method known to the Back-Bench parliamentarian, and I congratulate him on his persistence.

I found it interesting to listen to my hon. Friend's list of things to do for One Nottingham, and I wish it every success in its three specific quests. If he manages all of that, I might come to him for advice on how to run a Whitehall Department. There is no doubt that focusing on important issues and tackling them with great gusto is one way of making organisations and partnerships work, and I wish him every success.

My hon. Friend is right to say that social behaviour teaching has a vital role to play in helping to equip children to behave well and to learn, enabling them to take full advantage of the opportunities available to them at school and helping them to realise their potential. If school is for anything, it is to help children realise their potential. The work also contributes directly to the "Every Child Matters" outcomes for children, which is why my Department is so interested in the subject.

My hon. Friend is right to say that, far from being some trendy or peripheral subject that might be thrown in if there is an extra bit of time in the day, such teaching

[Maria Eagle]

relates to the hard-edged skills that our children need to thrive and that promote good social behaviour, such as anger management, conflict resolution and resilience. If children do not develop those social, emotional and behavioural skills, the real risk is that they will be more likely to disengage from learning, which can, as he described, lead to a downward spiral of poor behaviour and under-achievement.

Most parents, of course, go a long way towards teaching their children such skills, but it is undeniable that some children inevitably receive less support than others, and their development cannot be left to suffer as a result. All children, no matter how well their parents teach them, can benefit from the reinforcement of social behaviour learning in school. Teaching social behaviour needs to be central to children's education. The Government are committed to promoting social behaviour in primary schools. Investing early helps children develop the skills at a young age, and to continue to develop them as they move through primary school.

A key plank of the Department's national behaviour and attendance strategy is the social and emotional aspects of learning programme, to which my hon. Friend has referred, which I shall call SEAL. It is an annoying acronym, but it is quicker to say. The programme was made available to all primary schools in June last year. The five key social and emotional aspects of learning on which it focuses are self-awareness, managing feelings, motivation, empathy and social skills. They are the underpinning qualities and skills that help promote positive behaviour and effective learning. In fact, they underlie almost every aspect of our lives, enabling children to get on with others and become responsible citizens. We are committed to ensuring that the programme is properly taught.

The SEAL programme provides an explicit, structured, whole-curriculum framework and resource for teaching social, emotional and behavioural skills to all pupils. It also provides for the progressive teaching of age-appropriate skills development from the foundation stage to year 6, and I welcome my hon. Friend's support for it.

To be fully effective, heads and other school staff must feel some real commitment to the work. It follows that the programme is better if it is voluntary, and individual schools should be able to determine the best way of taking the work forward. They are best placed to assess the needs of their pupils and school, and how to make best use of the SEAL resource. Most schools undertake related work, and SEAL builds on the good work that is already present. Teachers report that it can be readily adapted to fit existing work and the unique character of a school.

We do not expect work on SEAL to be confined to a particular time in the school day, although there is no reason why a school should not include a dedicated SEAL period in its programme if it wishes. However, SEAL needs to infuse the whole school and the curriculum. There are ideas and materials for promoting skills across the curriculum through existing work, so schools do not need to devote significant amounts of extra time to SEAL work; it can be threaded through the school day.

As my hon. Friend said, SEAL also makes a helpful contribution to the delivery of aspects of PSHE and citizenship. Evidence from primary schools shows that the non-statutory framework provides a good basis to deliver effective programmes of citizenship and PSHE. I recognise that there are arguments for including PSHE in the compulsory part of the curriculum, but there is no evidence that it does not work when delivered properly and voluntarily.

I am pleased to say that the evaluation of the SEAL pilot programme carried out by London university's Institute of Education was positive. SEAL had a major impact on the development of children's social, emotional and behavioural skills, as my hon. Friend argued in his speech it would. Teachers reported that it created a calmer environment in the classroom, contributing to improvements in learning and attainment. Again, my hon. Friend suggested that such teaching would do so. In key stage 2 national test scores, schools implementing SEAL and other aspects of the primary behaviour and attendance pilot made consistent improvements across all subjects from 2003 to 2005. They were above the national average for maintained primary schools. There is some evidence in the evaluation that the programme can make the sort of impact that my hon. Friend suggested.

The Department's standards fund is providing just over £7 million to help schools and local authorities implement SEAL in the current school year. The aim is for about one third of primary schools to be implementing some or all aspects of SEAL by July. The programme is on target, and interest in schools is high and positive. My hon. Friend will be interested to know that a similar sum has been allocated for next year to continue the SEAL roll-out. A key principle is to support schools to develop experience and expertise in this area of learning, and to encourage them to share it with others to promote the national roll-out.

In that regard I was interested to hear what my hon. Friend said about Nottingham, his constituency and council. I am pleased to hear about the commitment in Nottingham to teach social behaviour in primary schools, as is my right hon. Friend the Minister for Schools. My hon. Friend quoted from a letter that she has written to him on the subject. She takes a particular interest in the subject, and she is absent today only because of other duties.

I am also pleased to hear about the strategic approach that my hon. Friend is promoting and that the local authority and local partners are taking. I understand that Nottingham has been involved with the development of SEAL for some time, originally volunteering to join the pilot, which always shows good spirit. It is well placed to implement the programme throughout the local authority. I am pleased about the enthusiasm for it in Nottingham, and I am pleased to hear that many schools are adopting it and others plan to do so in the next school year.

My hon. Friend in his various capacities has had discussions with Nottingham about testing out approaches to strengthening the impact of SEAL locally. From his remarks, he clearly believes that that is the way forward in his area. I understood what he said about the particularly great need in his part of the world to teach social behaviour. I understand that Nottingham city council is to develop leading primary

schools so that they become specialist centres of excellence for programme implementation and coaching. There will be a high skills capacity among staff using the SEAL resource, and they will then help support the development of school staff and other children's services professionals in the area. It is a commendable and positive way forward.

Schools already have sufficient freedoms in place to devote more time to SEAL if they wish. However, using the power to innovate would provide reassurance and certainty for heads. The Department is ready to advise about that. We will watch closely what Nottingham does, looking with interest at the pilot that my hon. Friend and other local partners, including the local authority, develop in order to take SEAL forward.

I agree with my hon. Friend that we should not confine our attention to primary schools.

Mr. Allen: One additional factor that we can bring to the party is the involvement of One Nottingham. It has some neighbourhood renewal funding, which could be used to match funding when the Department and the local education authority deem it appropriate.

Maria Eagle: That is interesting. It is important to allow local leeway, because every area is different. Different resources might be brought to bear on the programme from place to place. Some areas will not focus on it in the way in which One Nottingham has decided it ought to do so. I welcome that, and I am happy that the Department and my officials keep in touch with my hon. Friend and local partners about how best to take the programme forward.

We should not confine our attention to primary schools. They are a good place to start, but my hon. Friend is right that these things do not stop at aged 10, and we can all learn more as we get older. That is why a pilot is under way in six local authorities to help establish what works best in promoting social, emotional and behavioural skills in secondary schools. SEAL and the secondary pilot are part of a wider national programme to improve behaviour in schools. In the most recent Department stakeholder survey, three quarters of teachers said that pupil behaviour is generally good. However, any level of bad behaviour is too high, and it can disrupt disproportionately the school and class in which it takes place. That is why such a programme is needed. It has three main strands: developing children's social, emotional and behavioural skills, strengthening the capacity of schools to manage behaviour, and reinforcing parental responsibilities for their children's behaviour. We must not forget the parents; of course they have a role to play.

To strengthen capacity, all schools now have access to high-quality materials for behaviour management auditing and training, and helpful support from more than 200 Department-funded behaviour and attendance consultants working in local authorities. In addition, the Education and Inspections Bill going through Parliament will give school staff an unequivocal statutory right to discipline pupils for bad behaviour.

Parents are the key to building a culture of respect in schools. They have the single biggest influence on their children. My hon. Friend may know that the SEAL programme includes work with parents. It provides ideas for fun and engaging activities that children can take home and play with their families, so that they can share with them SEAL learning and every theme of the programme. It is important that we also teach some of those skills to parents who perhaps missed out during their childhood.

I hope that between us we can provide a better environment in which children can learn to learn. I thank my hon. Friend for introducing the debate, and I wish him luck with One Nottingham and the local authority.

Question put and agreed to.

Adjourned accordingly at Two o'clock.

Westminster Hall

Wednesday 3 May 2006

[SIR ALAN HASELHURST *in the Chair*]

Nepal

Motion made and Question proposed, That the sitting be now adjourned.—*[Mr. Coaker.]*

9.30 am

Sir John Stanley (Tonbridge and Malling) (Con): Sir Alan, I have no registrable interests to declare, but I am chairman of the Britain-Nepal parliamentary group. In that capacity, I was asked to lead a parliamentary delegation to Nepal recently, which was funded by the Foreign and Commonwealth Office. Our visit in March this year followed on from a visit in January 1996, when I led the last Inter-Parliamentary Union delegation to Nepal. The Nepal we found in 2006 was very different indeed from the one to which I went 10 years previously.

In 1996, there was a flourishing, working, multi-party parliamentary democracy in Nepal and, as far as I am aware, no political detainees in that country. The media were conspicuously free. The Maoists were unheard of and their insurgency had not started at that point, although it began later that year. The king, now sadly the late King Birendra, was universally respected and admired in the country for bringing it to a new condition of constitutional monarchy and genuine multi-party parliamentary democracy.

The Nepal we visited in March was sadly wholly different. Parliament had not sat for four years, and an unknown number of people were subject to political detention, including Mr. Madhav Nepal, the leader of one of the major political parties, the Communist Party of Nepal (Unified Marxist-Leninist). Notwithstanding its name, that is a democratic party. The Maoists were in effective territorial control of approximately three quarters of the country. In private and, in part, public conversation, the current king, King Gyanendra, was subjected to a degree of venom and vitriol that made me wonder whether I was going about in late 18th-century France.

As the Foreign and Commonwealth Office predicted, King Gyanendra declined to see us, although we noted with a degree of wry amusement that in the week we were in Nepal he none the less, according to the *Himalaya Post*, found time to receive a special envoy from Fidel Castro at the same time that he declined to see a delegation from the mother of Parliaments.

Should the Minister feel that his Department's funding was in any way not put to good use, I assure him that we were able to strike at least one solid blow for the restoration of parliamentary democracy. We paid a call on Speaker Ranabhat, who led the last Nepalese IPU delegation to this Parliament in 1999. Although Speaker Ranabhat was deprived of his Chamber, he was still the official Speaker. I asked him whether he would kindly show his Speaker's Chair, which is beautifully carved in British oak and was a gift from this House to the Parliament of Nepal in 1992, to the British parliamentary delegation. He kindly agreed to do so.

We went along to the House of Representatives, and the forbidding steel-grille gates were unlocked and opened. The large outer doors were also opened, and in we went to see the Chamber covered in dust sheets. That has been Nepal for the past four years, with its parliamentary democracy covered in dust sheets. Speaker Ranabhat took his Chair, and we stood on either side of him. The Minister will be glad to know that that picture received front-page coverage in every leading newspaper in Nepal—in the English and, more importantly, Nepalese languages—and appeared under the headline, "After 4 years, Ranabhat sits on Speaker's chair".

I do not think that any of us who went to Nepal thought in our wildest and most optimistic dreams—there were no huge grounds for optimism—that within five weeks to the day of our departure from Kathmandu, the Speaker's Chair in the House of Representatives in Nepal would be occupied for the real opening of the Parliament. That, of course, took place last Friday. The credit for it lies with one group and one group alone—the people of Nepal, most particularly the 100,000 or so who took to the streets in Kathmandu and the *thousands more* who took to the streets in other towns and cities all over Nepal to demand the restoration of their Parliament.

Those were the people who had the courage to defy the curfew, the risk of arrest and imprisonment, and the bullets, although tragically some 14 people were killed. I would like to say that we in the House salute the people of Nepal for the bravery and determination they have shown and for their achievement in getting their Parliament restored to them.

The restoration of Parliament in Nepal is, I suspect, just the beginning; it is certain that the hardest part still lies ahead. Last week the King gave in, but the Maoists will be a far harder nut to crack. They have a stranglehold on the country that is based on brutality, fear and intimidation. That stranglehold, as I have said, extends territorially to at least three quarters of Nepal.

We received a striking illustration of the nature of that stranglehold at our meeting with the chief district officer in Biratnagar. He told us that, as a result of intimidation of school management committees and head teachers, the Maoists had a total ability to walk into any school in his district, with the exception of those in the immediate environment of the city of Biratnagar, take over the classrooms and spew out their propaganda to the children and students. To translate that into UK terms, that would be approximately the same as a United Kingdom in which the whole of Northern Ireland, Scotland, Wales and England with the exception of London, the Birmingham conurbation, the Manchester conurbation and Newcastle were under Maoist control.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am sorry to interrupt my right hon. Friend, but I am sure that he would like the rest of that conversation with the chief administrator to be put on record. We were told not only that the Maoists could access schools at will,

[Mr. Geoffrey Clifton-Brown]

but that teachers had to pay a month's salary in extortion to them and that most small businesses had to pay them protection money.

Sir John Stanley: I am grateful to my hon. Friend, who is absolutely correct. I shall refer to that dimension of Maoist influence in a moment.

The real winners from last week's events, welcome though they were, stand to be the Maoists. They can claim, with real credibility, that the king's capitulation was due to them and the crowds that they brought on to the streets, not to the leaders of the democratic parties. They have also got themselves into a pivotal position, and Nepal's political and democratic development will depend on what they are or are not prepared to agree to.

As of now, the Maoists have given up nothing of substance in return. They have given no assurance that they will not resume their murder, torture and brutality or their exercise of fear and intimidation when the ceasefire that they announced ends in three months. They have given no assurance that the financial extortion to which my hon. Friend the Member for Cotswold (Mr. Clifton-Brown) referred will not continue. That extortion extends to all parts of the country and, we were told, even to payments to Gurkha pensioners.

The Maoists have given no assurance that they will not resume their blockades, which emptied the markets in Kathmandu and precipitated a business and food crisis in the capital in a matter of days. Finally, they have given no assurance that they will lay down their arms and, most critically, that they will allow free and fair elections to take place.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): During that recent visit to Nepal, did my right hon. Friend find out whether the Maoists are sponsored or supported in any way by the authorities in neighbouring China?

Sir John Stanley: All the conversations that we had during our visit, and all those that I had previously, indicate that this Maoist group, rather like Shining Path in Peru, receives no backing from the Chinese Communist party.

Nepal is on a knife edge between a democratic or a Maoist outcome. As of today, it is far from clear which way Nepal will fall, and it would be a brave person who said that a democratic outcome was assured. The political democratic leadership is relatively aged and, it must be said, somewhat tainted by the past. Central Government institutions are weak, and we must always remember that Nepal has the most favourable terrain in the world for terrorist operations. In this country, someone in need of help and protection will receive it in a matter of minutes, but in the hills of Nepal it will not arrive within minutes or even hours—it is several days' walk away. That factor alone puts the hill people and, indeed, many others in Nepal at the mercy of the Maoists.

As a sovereign country, Nepal is of course responsible for determining its own destiny, but there is little chance of a successful long-term democratic outcome if the country is left unaided and unsupported by its friends and the international community. Britain is in a unique position among the members of the international community. It is Nepal's longest-term friend, and that friendship goes back nearly 200 years, in which time Nepalese soldiers—the Gurkhas—have served in the British armed forces with conspicuous distinction, in peace and war. Britain is the European Union member state with far and away the closest relationship to and greatest influence in Nepal. It is also much more trusted there than either of Nepal's most immediate big neighbours, China and India.

The central question facing Nepal today is whether the hugely welcome restoration of parliamentary democracy will be permanent or simply a transitional phase towards a Maoist state. If that were the outcome, it would be a tragedy for the people of Nepal. Almost as significantly, however, it could have profound regional consequences because Nepal is surrounded by three large neighbours—India, Pakistan and China—all of which are heavily armed and, of course, nuclear powers.

I do not for a moment suggest that the British Government can single-handedly prevent such an outcome, but they must do their utmost to ensure that a Maoist state is not the end result for Nepal. At this critical moment for Nepal, and in the light of our 200-year friendship, the British Government need to give Nepal a new and altogether higher priority. The people of Nepal deserve nothing less from us.

9.48 am

Tom Levitt (High Peak) (Lab): I rise both to compliment the right hon. Member for Tonbridge and Malling (Sir John Stanley) and to complement what he has said in his speech. I compliment him on leading the delegation, on which I was proud to serve, and I have a feeling that the other Members who served on it, including the hon. Members for Cotswold (Mr. Clifton-Brown) and for Croydon, South (Richard Ottaway) will want to pay tribute to him for leading it with courage, strength and great passion. Indeed, his feelings about Nepal are sincere and go back a long way.

I was very moved by what I saw on our visit, which was my first to the country, and I want to draw a few conclusions to complement what the right hon. Gentleman said. I should say for the record that we spent some of our time looking at aid issues and that I am a Parliamentary Private Secretary at the Department for International Development. My comments today, however, are about the political situation in the Foreign Office context.

Before we went there, Nepal was showing all the signs of a failing state. It is an incredibly poor country, with per capita income at $260 a year and falling. Indeed, the figure might be only as high as that owing to the value of remittances, which come from the perhaps one quarter of all Nepalese people who now live outside the country. That says something about the situation inside the country. Some 60 per cent. of the economy of Nepal is agricultural, but that means that about 30 per cent. of the economy relies on tourism. The five-star market, as it is called, has completely collapsed. I read from figures published this week that in April alone there was a 2.2 per cent. fall in the value of the tourist economy in Nepal, which is obviously dependent on that contribution.

Nepal is also a country where there has been overt and covert censorship in very large measure. It is fortunate that we can mark today as world press freedom day, and I should like to draw attention to one or two conclusions that the Federation of Nepalese Journalists has reached about the past 15 months. Over that time, during which the king had absolute power, two journalists were killed, 88 were tortured, 11 were abducted, 282 were attacked and 707 were arrested. Similarly, 39 journalists were displaced and 250 sacked, and 108 newspapers were forced to halt publication. The Nepalese Government also blocked at least 25 news websites, raided private radio stations and banned broadcasting of news from all stations for a few months, until the supreme court stepped in to allow FM stations to broadcast news again.

Not all those incidents were the responsibility of the Government of Nepal, however. The figures released by the Federation of Nepalese Journalists suggest that the Maoist forces killed at least two journalists, and assaulted and threatened many others over a 10-year period, and have continued to bar them from reporting freely from the Maoist stronghold, even though the leaders of the Maoists have time and again expressed their commitment in principle to respecting press freedom.

According to one international organisation, Reporters Sans Borders—I am not sure what language that title is supposed to be in—more than half the cases of news censorship worldwide in the past year were in Nepal, with 567 incidents reported and 145 journalists physically attacked or harassed. A country where there has been no press freedom over the past 15 months or so is a difficult country for the outside world to explore.

We also know that about 3,000 people were detained without trial for various durations, leading up to the abortive local elections in February. I would be interested to hear any news from my hon. Friend the Minister about whether people continue to be held without trial or whether more have been released—Mr. Nepal, who is one of the high-profile prisoners, has been released, but information about others would also be welcome.

To return to the list of hallmarks of failing states, there have also been several instances of soldiers and members of the armed police being arrested for crimes such as robbery. The ability of the Royal Nepalese army, which is one of the biggest armed forces in the world, successfully to control its vast number of new recruits is questionable.

Over the period of the king's autocratic rule, we also saw the systematic replacement of non-sympathetic members of the supreme court. I understand that the new Nepalese Government have already said that that process will stop. However, I hope that it will not only stop but be reversed and that an objective means of appointing members of the supreme court in Nepal will return.

Over a long period, there were also the bhands—or transport strikes—which seemed to become more and more potent, and were used by more than one element in what passes for the political process in Nepal. One of those strikes ended just before we arrived there. Nevertheless, when we travelling out to Biratnagar we saw minibuses and buses that had been newly torched and trees that had been newly felled over roads. I subsequently discovered that a gunfight between Maoist forces and the Royal Nepalese army took place in the village close to the one that we visited while we were there. Fortunately, we did not hear it or get close, but as the right hon. Member for Tonbridge and Malling and the hon. Member for Cotswold mentioned, there was clearly a lot of intimidation going on, even outside the strikes.

Throughout much of April we saw 100,000 dissenters on the streets, as the right hon. Member for Tonbridge and Malling said. It is reported in the news today that the Nepalese Government have announced that 19 people, rather than 14, died at the hands of the military and the armed police during the days of dissent and demonstration.

In response to the developing situation over the past year or so, Britain, like other countries across the world, has quite rightly stopped supplying lethal military aid to Nepal. We have continued to provide Nepal with training in human rights issues for military staff, as well as anti-mine technology and training in its use. No one would argue with that, but we need to consider whether—and if so, how quickly and in what quality—any military aid from Britain would be increased to Nepal, particularly as its problem is an internal one, rather than one from an external aggressor. The situation is made even more complex by the fact that the very people from whom protection is required are in some form of alliance with the democratic parties. I therefore suspect that the Minister will say that there is no likelihood of any early restoration of military aid in its previous form.

There is a sad situation in Nepal, which is changing but getting no less sad. The threats are no less than those that the right hon. Gentleman described. In retrospect, the week that we were there was crucial for King Gyanendra. It was probably his last chance to oversee a peaceful transition of power back to the forces of democracy in a way that could have guaranteed the continuation of the constitutional monarchy. Much has happened in the past 18 months to destroy trust in the king and the position of the monarch, in his relationship not only with politicians but with the people themselves. I have mentioned the hallmarks of the failing state, many of which followed from the king's autocratic rule. They were not chance happenings but deliberate actions by the king and those acting on his behalf.

While we were in Nepal, the leaders of the seven-party alliance were trying valiantly to keep the lid on popular republican sentiments. My guess is that in the long term they will be seen to have failed in that. I have a sneaking suspicion that the king might no longer be in office 12 months down the road. That might be the outcome of the constitutional settlement that is now being sought. I believe that Nepal will probably fail as a constitutional monarchy because the king hung on to power for far too long, although I admit that there were very difficult circumstances.

We know that the Maoists have declared a three-month ceasefire, which is welcome, but it should be regarded with some suspicion, not least because it does not cover the likely date for a general election. The monsoon season will start shortly so, as we heard from

[Tom Levitt]

the Nepalese ambassador with whom we had a positive meeting yesterday, the first credible date for an election is in September or October.

We must not underestimate the size of the task that faces the Nepalese Government. Restoring Parliament is only the first step in the long path to restoring faith in democracy. Inside Kathmandu, the threads of democracy are being maintained for as long as possible. Outside Kathmandu, for reasons mentioned by my colleagues the right hon. Member for Tonbridge and Malling and the hon. Member for Cotswold, democracy has disappeared, and it needs to be reinstated from first principles. That cannot be done while there are forces in Nepal that seem to insist on undermining the process.

Despite the conciliatory words of the Maoists, it is clear that we will not achieve democracy in Nepal while parts of the country are controlled by terror and intimidation and by unaccountable forces. That is the principal challenge that faces the seven-party alliance.

The Minister for the Middle East (Dr. Kim Howells): My hon. Friend gives a fascinating account of what he and his colleagues discovered in Nepal. In his discussions with representatives of the seven-party alliance, did he gain any notion of what the alliance thought would be the prospect of the Maoists going down the democratic road?

Tom Levitt: The seven-party alliance drew up the 12-point agreement with the Maoists, and it was re-endorsed a couple of weeks before our visit. That agreement is the straw at which everyone is clutching. My knowledge of the Maoists is not sufficient for me to make an absolute judgment as to their reliability, but we must also consider their capacity to deliver on a deal with the democratic forces.

It is worth pointing out that, by definition, an alliance of seven parties will have problems in keeping together. There are many other political parties in Nepal; some of them could have been described as "two men and a dog", except that I did not see many dogs. There must as a result be tensions within the alliance, particularly on how far the 12-point plan can be trusted and worked on. I hope that we will be able to help all seven members of the seven-party alliance to build a capacity to function as democratic parties, because there are real questions about their democratic credentials. By any standard Nepal is a young democracy, and it did not reach democratic maturity before starting to take backward steps.

On the party political front, we should not forget that there are some very influential and powerful individuals in Nepal. Among those placed in position by the king over the past 18 months, some will want to follow the pro-monarchist agenda, and their political programme may include undermining and trying to split the seven-party alliance. We must be aware of that possibility.

I return to the Minister's question. It is true that the Maoists must be defeated, but it has to be a political defeat. Everyone agrees that there is no chance of a military victory against the Maoists because of the country's terrain, poor communications and so on. However, the 12-point plan has to be the means by which the political parties call the Maoists' bluff. If they can deliver on the 12-point plan, they will have taken a huge step forward. They have to call their bluff.

While we were in Nepal, some of us were putting a case for the political parties to call the king's bluff and taking up the king's nominal and perhaps superficial offer of elections. The parties chose not to do so. Perhaps they will now call the Maoists' bluff, saying that it is either the 12-point plan or nothing, with the constitutional election and decisions about the future of the constitution at the heart of the process.

It was a challenging week, but enjoyable. We were joined by two Members of the other House. Between us we represented the three main parties and the Cross Benches, but we spoke as one. Our delegation's analysis of the situation was pretty uniform. I thank the Foreign Office for having enabled the delegation to take place. I hope that we can look back and say that we helped at the start of the long process of restoring democracy. Democracy is much more than elections, and Nepal has a long way to go, but I hope that the Government will take up our historic role of being a good friend to Nepal and give whatever assistance they can to help that country become a stable, satisfactory and successful democracy.

10.7 am

Richard Ottaway (Croydon, South) (Con): During the last 40 minutes, in excellent speeches from my right hon. Friend the Member for Tonbridge and Malling (Sir John Stanley) and the hon. Member for High Peak (Tom Levitt), we have heard as good an analysis of the situation in Nepal as one could expect to hear anywhere.

I completely agree with the hon. Gentleman that my right hon. Friend showed admirable leadership during the visit. He ran the exercise with military precision—not once were we allowed to deviate, hesitate or turn from the programme. In my judgment, it was the most effective parliamentary delegation in which I have been involved, largely due to its composition: as well as the hon. Gentleman and my right hon. Friend, it included my hon. Friend the Member for Cotswold (Mr. Clifton-Brown) and two Members from the other place, Baroness Northover and the Earl of Sandwich. It was a very cohesive and effective team.

I thank our ambassador to Nepal, Keith Bloomfield, and his colleagues. Our embassies are always supportive when parliamentarians make such visits. One senses that our embassy to Nepal went the extra mile on this occasion—partly because it was the embassy's idea that we should visit—but it made a special effort, which made our visit far more effective. I agree with the hon. Member for High Peak that, in a modest way, our visit might have made a difference.

My right hon. Friend the Member for Tonbridge and Malling said it all in his introductory remarks. This was my second visit to Nepal; I was there in 1994 as a United Nations observer of the second general election under the old king. It is sad that those elections led eventually to the country's demise, but I have been left with a feeling of the nation's unpredictability. Every time I thought that I could see my way through the situation, something happened that made me realise that I was wrong. I would not like to put any money on what the outcome might be—on what the situation will be in a year's time.

When we arrived, the protests were just beginning. They then escalated until the day of action in early April—the violence reached a level I had not expected. Two days were earmarked as days of action, but the protests went on for 12 days. Hundreds of thousands of people were on the streets: there was a shoot-to-kill curfew, yet they still went out, and some people were killed. I had not anticipated that happening. Then the king slowly and incrementally capitulated. First, he asked the political parties to appoint a Prime Minister, and then he said he would restore Parliament, whereupon everything stopped—in Iran, however, such protests led to the Shah going—and everyone seemed to be happy. That was mainly because the political parties had achieved their objective with the king, which was getting democracy. They were not for getting rid of the king—the Maoists were in favour of that.

It was a rollercoaster ride, and the people showed a great enthusiasm for democracy. Frankly, I would be happy if in our country we were to have hundreds of thousands of people out on the streets campaigning for Parliament. *[Interruption.]* As my hon. Friend the Member for Cotswold says from a sedentary position, perhaps tomorrow they will show some enthusiasm.

However, to stick to the issue in hand and to refer to a point that has been made, of the various components in Nepal, the Maoists' motives is the most unclear. The Maoists control large swathes of the country with the stated aim of deposing the king and establishing a one-party state, but then they signed up to the 12-point agreement with the political parties, and now they have acquiesced in the current situation, so there has been a complete switch there.

I am not sure that I would trust the Maoist parties further than I could throw them; my advice to the political parties of Nepal—and, indeed, to the British Government—is to sup with them using a long spoon. One suspects that they have entered into an agreement for short-term, opportunistic reasons. Perhaps both sides of that dispute feel they cannot win. The Nepalese army cannot beat the Maoists, and the Maoists are looking at a Royal Nepalese army that is bigger than the British Army, and they have probably reached the conclusion that they cannot beat it. Therefore, there is a stalemate of sorts.

In our initial briefings after we arrived, we were told that there were three components of the situation in Nepal: the king, the political parties and the Maoists. As my right hon. Friend the Member for Tonbridge and Malling said, there is also a fourth component, which is the people of Nepal. They have been through tremendous hardship. One should never underestimate their commitment to resolving this situation and to fighting for what they believe in if they feel they can achieve their objectives.

The human rights situation was of great concern to us all. We had a meeting with the foreign press delegation, and the hon. Member for High Peak has set out the breaches of human rights. While we were there, the leader of the Communist party was under house arrest for no good reason. I ask our Government to keep a close eye on that as we engage with the Nepalese Government.

I wish to make four points on our policy. First, will the supply of military equipment to the Nepalese army be reviewed? Rightly, anything that could be used for an aggressive purpose has been withdrawn. Do we now feel that the situation has changed? We should take note of the role of the army; it was loyal to the king when he was the Executive power, and one assumes that it will be loyal to the Government now that Executive power has been bestowed upon them. If the Government are committed to free and fair elections, does that change the situation? Perhaps the Minister has not yet reached a conclusion on that, but it should be reviewed.

Secondly, the heart of our policy should be to give full support to the Nepalese Government to hold free and fair elections. That is the only way forward; without them, the situation will collapse into anarchy. I encourage the Nepalese Government to announce a date—even if it is in September—as soon as possible to show their commitment. I hope the embassy will encourage them to do that. Thirdly, the basis of the way forward is the 12-point plan that was agreed in the early stages, in March.

Fourthly, my humble advice to the Government is to stay close to the Indian Government in this. India is the nation of influence in Nepal, alongside us. In truth, because of India's proximity, it has more influence. It is also affected by the Maoist insurgency, which has spilled over into the north-east corner of that country. I think that will focus India's mind.

Nepal is in for a very rocky time. The king has lost all credibility, and it remains to be seen whether he will survive. I do not think the incumbent has a useful role to play and his son is manifestly unpopular, so I do not know what the future holds for the monarchy. I believe in constitutional monarchy, as we have in our country, but I cannot see an obvious candidate to restore credibility in Nepal. That, however, shows the unpredictability in that country.

10.16 am

Mr. Jeremy Browne (Taunton) (LD): I congratulate the right hon. Member for Tonbridge and Malling (Sir John Stanley) on securing the debate. My grandmother lived her entire life in the same house in West Malling in his constituency, and my grandfather, Gordon Browne—spelled correctly, with an "e" on the end of his surname—continues to be an enthusiastic constituent of the right hon. Gentleman. Therefore, I am very familiar with the part of the world he represents.

Sadly, I am less familiar with the part of the world we are discussing, and I am probably the only participant in this debate who has not been to Nepal. Nevertheless, I will endeavour to offer thoughts and suggestions on how this Parliament and the British Government can best seek to ensure a happy resolution of the difficulties in Nepal that we have been reading a lot about in newspapers and elsewhere.

In debates of this sort, I am often struck by how much cross-party consensus there is. I suppose that is inevitable, because all of us in this Parliament are liberal democrats—with a small "l" and a small "d". Rightly, there is a consensus that the objective in respect of Nepal is to seek to establish open, liberal government by the people and for the people, and for elections to take place, and for there to be all the other traits that one associates with an open society—press freedom, fair trials, multi-party democracy.

However, as is often the case, the situation is difficult, awkward and less clear-cut than we would wish. There is not a group of good guys we can straightforwardly

[Mr. Jeremy Browne]

support and a group of bad guys we can oppose. That presents a difficulty for the British Government, and we should be cautious not to overestimate their ability to resolve the situation. Obviously, we should try to participate, but, ultimately, the decisions will be made by the Nepalese.

However, I would be interested to learn from the Minister what is the approach of the Government. As I understand it, the United States of America—inasmuch as it is playing an active role—is not willing to deal in any way with the Maoists in Nepal. Do the British Government have a different approach? Do they consider that they are most likely to be effective in their role if they try to deal—in a reasonably even-handed way, if possible—with all the different groupings and factions, or does the Minister think that that is unlikely to be an appropriate or effective way to proceed?

The first of the other areas that I hope and believe that the Government will consider is political education. In this country, we take for granted the formation of democratic parties and all the paraphernalia or infrastructure that goes with democracy and elections. It is easy to say that there should be elections and that we should get a Parliament up and running, as if that could be done at the drop of a hat, and people, including me, often sound somewhat glib in saying it. However, there is a lot of organisation to be done in terms of not just the mechanics of polling day, but the political parties—what they represent ideologically, and whether they are coherent and hold together in a proper, identifiable way, and do not keep splintering into lots of different groups, as that makes it impossible for people to exercise any choice that can be transferred to the delivery of power. All that is a difficult process in any country that, unlike ours, is not a mature and stable democracy.

Anything that we as a country can do to educate and assist in those processes should not be underestimated. Diplomacy or Government action of that sort does not seem very dramatic and does not seem to make a huge impact, but on the ground, in a quiet way, we can contribute to the mechanics of democracy and political education in Nepal.

Also, I hope that we can foster and encourage exchange schemes and other ways of increasing knowledge and understanding of Nepal among those in Britain and the west. In that regard, tourism is a considerable asset. I suspect that most British people who are familiar with Nepal have been there as backpackers between school and university, or after leaving university, or on visits of that type. So, there is a contemporary, as well as an historical, link that many British people have with Nepal. I hope that that will be of benefit to our country in trying to engage the Government in Nepal, whatever form they take, in the months and years ahead.

The second point that I would like the Minister to touch on is how we go about trying to exercise influence in Nepal. We have an historical tie with that country and that part of the world, but are we also working with our partners in the European Union and, more importantly, India, with which, of course, we have great historical links and which has a direct strategic interest in the region? Of course, India is a democracy—a somewhat imperfect one, but considering it has more than 1 billion people, it is an extraordinarily effective and stable country in terms of how power is exercised there. It has lessons to teach many countries in the world, including Nepal. All our links with the Indians will be extremely welcome in trying to resolve any problems in Nepal.

The last of my three main points is about what role the Government can play in alleviating poverty and distress in Nepal, not only because that would evidently be a good in itself, but because any country that seeks political stability and rational decision taking will also benefit from its people enjoying a certain basic standard of living. It is hard to interest people in liberal concepts involving elections, free media and so on when they have more immediate concerns about their material and physical well-being. The Government, the Department for International Development and the Foreign Office take an interest in the provision of aid to Nepal, and we play a financial role. I would be interested to learn how that is tied in with diplomacy and a potential political solution.

I conclude by repeating a remark made by the hon. Member for High Peak (Tom Levitt), which summed up the way forward as we in the House see it. He said, "The Maoists must be defeated, but it has to be a political defeat." That is an astute summary of the position as I understand it, which is that we should seek a constitutional settlement and that the 12-point agreement is the basis on which to move forward. The outcome that we should be seeking is effective multi-party democracy, not change from one undesirable system to another.

I wish the Minister and the Government well in assisting with achieving that end, and wish the people of Nepal a happy, settled, stable political future in which they are not constantly buffeted by different forces that make it hard for them to live free, open and decent lives.

10.25 am

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): It is a great pleasure to serve under your chairmanship, Mrs. Anderson. I congratulate my right hon. Friend the Member for Tonbridge and Malling (Sir John Stanley) on securing this timely debate, and on the knowledgeable and thoughtful way in which he introduced it. On my very first day in the House, I went into the Tea Room and an elderly Member said to me, "Be very careful what you say in this House. There is always an expert on every subject." My right hon. Friend is exactly that expert. As I went to sleep last night, I had a vision of him towering over me, listening to everything that I said, so I must be careful in case I incur his wrath.

My right hon. Friend led a worthwhile delegation to Nepal between 19 and 23 March, as my hon. Friend the Member for Croydon, South (Richard Ottaway) and the hon. Member for High Peak (Tom Levitt) have said. Like my right hon. Friend, I hope that that delegation has contributed, in a very small way, to setting that country on the path on which I hope it has embarked.

My right hon. Friend was absolutely right to focus on the people of Nepal, because we wish those people to continue along the path of democracy. We want their economy to recover, we want them to prosper and we want them to live in peace and harmony with each other. They are a very pleasant people—hard-working,

industrious and peace-loving, as was shown by how rapidly they went from demonstrating against the authorities one day to celebrating the result of their success the next. As my hon. Friend the Member for Croydon, South said, in other countries there would still have been looting many days later, as was the case after the fall of the Shah of Iran and the fall of Ceausescu in eastern Europe.

Hon. Members have ably described what happened in the past, and have alluded to our great historical links with Nepal over almost 200 years, as well as our strong bonds with its people through the Gurkha connection. Those bonds will continue. That is why the British Government, as a great friend and historical ally of Nepal, should remain heavily engaged in the peace process, which we hope will go from strength to strength. I want to concentrate, in a prospective way, on one or two things that could happen in Nepal, and I want to ask the Minister a few questions about how the British Government will react and help.

As has been said, before we arrived, there was a three-cornered political situation that involved the king, the Maoists and the parliamentary parties. The king, I hope, has now conceded power in a real way; it seems that there is no way back to the former situation, at least in the short term. Whether the king survives as constitutional monarch is a much more open question.

The king has ceded real power, but what about the political parties? As has been said, there are seven of them, and they have vastly differing views. Some of them wanted the country to be a republic even before the current situation arose, so it is unclear what their real political aims are. But as the Minister said, interestingly, in an intervention on the hon. Member for High Peak, it is the capacity of those political parties to deliver, and whether they will remain a cohesive whole, that is the critical question.

Part of the problem up to now has been the weakness of the political parties. We wish them well, and we wish them a transition into a mature phase, so that they can at least prepare for elections. The first question I want to ask the Minister is what help will we give through the rights, democracy and inclusion fund to the people and the political parties in Nepal as they prepare for the elections. A great deal of work must be done. An interim constitution must be drawn up and the election procedure must be sorted out.

I have no idea how advanced the registration of voters is. I suspect that people will probably need to start almost from scratch, but how that can be done when the Maoists control a large chunk of the country remains to be seen. The process presents considerable difficulties, and I think it unlikely that an election will take place in September or October. A more realistic timetable would mean it taking place next year, but perhaps the Minister will give us the Government's view on the matter.

The third of the three groups involved is the Maoists. Much has been said about the Maoists this morning, and I have asked the Minister a series of questions on Nepal, both before and after our visit. On 26 April, the Minister answered one of my questions, and it is worth quoting that answer because it gives the Government's official view of the Maoists. I asked what assessment he had made of them, and the answer was:

"The Maoists carry out widespread human rights abuses including torture, kidnap, rape, murder and extortion for money. These acts of abuse perpetrated against innocent civilians, including women and children ... the Office of the High Commissioner for Human Rights (OHCHR) reported that a large number of children were being used by the Maoist forces as helpers and porters during military operations ... We are aware that the Maoists have been involved in importing explosives and detonators into Nepal. The Royal Nepalese Army seized over 5,000kg of commercial explosives and in excess of 30,000 commercial detonators in separate operations, in March 2006, along the Nepal-India border. We cannot judge what proportion of the overall total of Maoist imports this represents."—[*Official Report*, 26 April 2006; Vol. 445, c. 1152–53W.]

There is clearly a serious threat of insurgency and it requires every effort to be made during the political process, through negotiation with the Maoists by the democratic parties, which will be coupled with activity carried out by the police and the Royal Nepalese army.

As we learned in Northern Ireland from the situation involving the IRA and other paramilitaries on both sides, the solution was partially military, but it was political to a much greater extent. That is the message regarding how to deal with the Maoists. As my right hon. Friend the Member for Tonbridge and Malling said, there is a real prospect that Nepal could degenerate into a fully fledged Maoist state—a very unpleasant regime, which would be very deleterious for the people of Nepal. Every effort must be made by the whole international community, through every organ we can use in Nepal, to prevent that from happening. The one achievement of today's debate should be to issue a warning about that possibility, and I hope that we can prevent it from happening.

Moving on from the political aspects, what is to be done for the future? Mention has been made of the Royal Nepalese army, which is big and increasing in size and which comprises almost 90,000 people. It has the capability, if given the right equipment, to deal with some of the problems. The key issue was raised by my hon. Friend the Member for Croydon, South. If the political situation moves, as we hope it will, satisfactorily towards democracy and a situation where peaceful and fair elections can be held, the British and Indian Governments, the United States and the international community will have to review their policy of not supplying any form of lethal equipment to the Royal Nepalese army.

The situation is pretty dire at the moment, and my right hon. Friend the Member for Tonbridge and Malling alluded to it. If the army gets information that a serious incident involving Maoists has taken place in a rural area 200 miles from the capital, Kathmandu, for example, it can take the soldiers days to get there because the army simply does not have enough helicopters to lift them into position. When the soldiers get into position, they probably will not have enough equipment to deal with the situation.

Indeed, while in Nepal, we heard of the Maoists cutting a major water pipe. When the army went to repair it, the soldiers were attacked by the Maoists and several were killed. If the situation is to be properly brought under control, the Royal Nepalese army needs to be equipped with proper communications, helicopters and night vision for the Islander aircraft so that the troops can see what is going on, as well as proper co-ordination of intelligence, particularly with the Indian authorities. Those basic things must be put in place, and must be carefully considered by the international community.

[Mr. Geoffrey Clifton-Brown]

Another policy that must be reviewed is that on ministerial visits. I have asked the Minister a question about those before. In the run-up to what I hope will be free and fair elections—I am sure my right hon. Friend the Member for Tonbridge and Malling will want to take a full part in that process—we can show the political parties and the people of Nepal that we are there to help in whatever capacity they want. The policy on ministerial visits urgently needs to be reviewed and such a visit in the relatively near future would be a helpful step to give political parties some encouragement.

As the hon. Member for High Peak said, there must be a proper, independent judiciary. That is crucial. Some important judgments have been made in the past about the constitution and the role of journalists, and I hope that the political parties can now put in place a team of judges and a judicial system, in a way that is seen to be free and fair, that can act in controversial situations, which will undoubtedly arise.

One such situation is preparation for elections. There is an urgent need to establish a fully independent electoral commission. Legal questions will arise from the work of that commission, which should be considered by a free and fairly appointed judiciary.

Mention has been made of the press and the media, which are critical in any fledgling democracy. While in Nepal, we were lucky enough to meet the independent organisation of journalists, and I have no doubt that it will continue to press the political parties to allow full access to all strands of media, including independent radio, which reaches most parts of Nepal, but also television and a free press. I hope that that takes place as part of the emerging, reassuring process that follows.

Tom Levitt: I am sure that the hon. Gentleman was pleased to note that the Nepalese Cabinet has already lifted the controversial ordinances concerning broadcasting. That will set Nepal in the right direction in respect of press coverage.

Mr. Clifton-Brown: The hon. Gentleman is right to draw attention to that. It is a good sign that things are moving in the right direction.

I want to give the Minister plenty of time to reply, but my final point, which I referred to earlier, concerns this country's connection to Nepal via the Gurkhas. We were lucky enough to go the Gurkha headquarters in Kathmandu and to be briefed fully on the situation. One emerging factor concerning the Gurkhas is that the British Government have, quite rightly, altered the rules on leave to remain in this country, so that Gurkhas who have served in the British Army can apply to this country—although they will be discharged in Nepal—and expect to be granted leave to remain, provided that they have given exemplary service. It is expected that most will apply.

That is a good thing in many ways, because of the foreign remittances that they send back home to their families, but it gives rise to another problem, which concerns the number of social security staff already required to look after the existing 10,000 or so Gurkha dependants in Nepal. There is a severe concern about those social security staff, particularly regarding their wages.

I do not expect the Minister to be able to deal with that problem today, but I hope he will consider it. The well-being of those dependants in Nepal is a critical part of our responsibilities to that country, and it would be reprehensible if anything were to happen to that network. If the Maoist threat lessens, the job will get easier, but for some of those social security staff travelling to dangerous rural areas in the west of the country, this is a hazardous job for which they are paid a pittance. It would be helpful if the Minister looked into that.

This has been a thoroughly well informed debate. Let us hope that, through it, we can send a message to the British Government that we fully support the people of Nepal. We desperately hope that the path to democracy will be smooth and that they can defeat the Maoist threat. However, like all difficult paths, it is bound to have its ups and downs. Let us hope that, on the whole, we can progress smoothly.

10.40 am

The Minister for the Middle East (Dr. Kim Howells): It is a great pleasure to serve under your chairmanship, Mrs. Anderson. May I add to the thanks offered to the right hon. Member for Tonbridge and Malling (Sir John Stanley) for securing parliamentary time to discuss Nepal at this critical point in its history? I know how deeply he feels about Nepal, and I have benefited more from this short debate, in terms of learning about the nature of a country, than I have from any other.

The right hon. Gentleman gave us an excellent and most revealing comparison between the conditions that he encountered in 1996 and those that he encountered this year. His colleague, the hon. Member for Croydon, South (Richard Ottaway), helped with that comparison, too, I must say—the right hon. Gentleman made this point—that the Foreign and Commonwealth Office has received great value for money from his trip. I get lots of e-grams and intelligence about the situation in Nepal, but there is nothing to beat the reports of colleagues who have been out there to look carefully at the situation on the ground. I have learned a great deal.

This debate should tell us something about the value of inter-parliamentary visits. They do not usually receive very good press in this country, because they are considered a freebie, with MPs jaunting around the world. However, in the past hour or so, we have heard a report that it would be impossible to obtain from any other quarter. If it came from the intelligence services or an independent agency, there would probably be allegations that they had their own agenda. Through this cross-party visit, however, we have received invaluable information.

As the right hon. Gentleman and others reminded us, the king's restoration of Parliament is a great victory for the forces of democracy in Nepal. It offers the prospect of a resolution to the 10-year conflict there, and a return to peace and stability. I remember that when the right hon. Gentleman first spoke to me about that country, he

told me that it was such a dreadful shame that a place he encountered 10 years ago had been driven into such straits.

This morning, the right hon. Gentleman has given us the hope that there is a way through that situation. He quite properly drew our attention to the central feature of the past couple of weeks: the great bravery of the Nepali people and their determination in the face of great difficulty to try to reinstate some of the order that previously existed.

The one point that the right hon. Gentleman did not mention was Bhutan, although he might wish to intervene on me. On the "Today" programme this morning, I heard an extraordinary interview in which somebody said that politicians should try to make us happier in life. I am not sure whether it was during the interview, but people talked rather glowingly about how the Government of Bhutan measure their success or failure in terms of the happiness of their subjects, yet 100,000 Bhutanese refugees live in Nepal, having been driven there in the most brutal conditions.

I was hoping that the right hon. Gentleman could tell us about that, so I shall give way.

Sir John Stanley: As the Minister has invited me to intervene, I shall do so in the traditional way, by posing questions to him. I could have spoken at considerable length about the Bhutanese refugees, but I wanted to ensure that all my colleagues had the opportunity to make their remarks.

Is the Minister aware of what we learned for the first time in the Sanischare Bhutanese refugee camp? Sadly, the then Government of Nepal were engaged in gross discrimination against the Bhutanese refugees. Their policy was to prevent those people in the refugee camp from trading and working outside it, and even from leaving the country when third countries were willing to take them. Will he examine those issues, which I have indeed put to the Foreign Secretary?

Dr. Howells: I am glad that the right hon. Gentleman has posed that question, because it is very serious. I am also glad that it has been asked in this debate, because the hon. Member for Cotswold (Mr. Clifton-Brown), I think, said that we must warn people of the size and requirements of this great task. The right hon. Gentleman's question is one of the most urgent. I was aware of those inequities, and I hope that our ambassador can convince the new Nepali Government that they must take the matter seriously and that the whole world is watching. That will be an indicator of the civilising spirit of the new Government.

Mr. Clifton-Brown: As probably the only Member of the House to have visited Bhutan and met its Foreign Minister, I say to the Minister that there is a willingness among the Bhutanese Government to help to resolve that problem. Bhutan is only a small state with 500,000 people, and it cannot realistically repatriate all the refugees. In fact, the total number of refugees is not the total number who were driven out of Bhutan, because many refugees have been born in the camps.

Dr. Howells: I thank the hon. Gentleman for that. I am sure that those facts have been noted. We know that the country's economy is under great strain for many reasons, and that is one of them.

Tom Levitt: Will my hon. Friend give way?

Dr. Howells: Yes. I must make a bit of progress, though.

Tom Levitt: I appreciate that. It is worth putting it on record that the then Nepalese Government were preventing not only third-party movement, but the movement of those people who wished to return to Bhutan and whom the Bhutanese were willing to take back—much to the frustration of the international agencies running the refugee camps and entirely at their cost. There will come a time when the agencies are no longer willing to take on that burden on their own.

Dr. Howells: Yes, indeed. That is a situation that I am afraid we are all too familiar with in other parts of the world. I hope that the Nepali and Bhutanese Governments, and outside agencies that can work to broker a much better arrangement, will prioritise that issue.

The United Kingdom went to great lengths to persuade the king not to take power in Nepal, and, once he had, to hand it back to the political parties. In December 2004, in response to rumours of a palace coup, our ambassador in Kathmandu sought an audience with the king to forewarn him of the consequences of a takeover. The ambassador said that a palace takeover

"would put the King in the front line and the monarchy at risk, provoke violent street demonstrations and push the parties into the arms of the Maoists, divert security resource from fighting the Maoists, and risked losing international support which was posited on multi-party Government and a democratic Nepal."

The accuracy of that prediction was illustrated precisely by the right hon. Member for Tonbridge and Malling when he expressed his great fear that the real victors would be the Maoists, if we were not careful. I am afraid that that is all too true.

Looking back, those words were prescient. We welcome, therefore, the king's decision to reinstate Parliament. With that announcement, the security situation has begun to improve. The parties have called off their protests and the Maoists have announced a three-month ceasefire, although the details of how it will be implemented are not yet clear. There is a prospect of a new Government with the full authority to reciprocate a ceasefire, open negotiations with the Maoists and bring an end to the conflict, which has cost the lives of some 13,000 Nepalese. That is an extraordinary number when one thinks that we lost about 3,500 people over all those years in Northern Ireland. The fact that 13,000 Nepalese have died is a terrible indictment of what has happened in that country.

We do not to underestimate the considerable risks and challenges ahead. To begin with, it is imperative that the Maoists make a complete and permanent end to

[Dr. Howells]

their violence, and commit to abandoning their arms for ever. That has been done in other parts of the world, and it can be done in Nepal.

As right hon. and hon. Members have said, the Royal Nepalese army will need to undergo what amounts to a cultural shift to turn it into an accountable, professional army under civilian, democratic control. We have been working hard to achieve those ends through our efforts to promote human rights. I will come to the question of human rights, which the hon. Member for Croydon, South raised, in a moment. The political parties will need to show vision and leadership, and learn lessons from the past, and there will need to be a peace process involving the Government and the Maoists to bring the conflict to a permanent conclusion.

As right hon. and hon. Members have said, the first sittings of the reconvened Parliament on 28 and 30 April were landmark occasions. Parliament agreed on elections to a constituent assembly and to talks with the Maoists, which we hope will pave the way for a permanent peace settlement. As colleagues have pointed out, the UK is an old friend of Nepal, with a long history of involvement. We are already working with our key international partners such as the US and India—we have urged that work should be done with the Indians; the hon. Member for Taunton (Mr. Browne) raised that issue—and the EU to take full advantage of the opportunities in Nepal.

In co-ordination with our EU partners, we will consider lifting the agreement not to meet Nepalese Ministers from the king's Government. If appropriate, we will look for an early opportunity for a UK Minister to visit Nepal. [HON. MEMBERS: "Hear, hear!"] We will examine ways to ensure that the new Government are equipped for the challenges that lie ahead. As a lifelong mountain climber, I very much hope that that Minister will be me, so that I might see the Himalayas, although I must admit that I limit my climbing to the Alps these days. One can be rescued there by a red helicopter. I have not seen any of those in the Himalayas, and I am getting on a bit now.

The first priority will be to establish a mutually agreed ceasefire. We welcome the Maoists' announcement of a three-month ceasefire, and urge them to make it permanent. We remain absolutely clear about the fact that the pursuit of political ends through violent means is absolutely unacceptable, as is a one-party Maoist state. In response to what the hon. Member for Cotswold said, I hope that that is a clear enough warning from the House to the Maoists. That is very important.

The UK continues to support the transition of the Maoists back into a democratic political party participating in a multi-party democratic system. I heard the comments made by the right hon. Member for Tonbridge and Malling with a great deal of optimism. The fact that the Marxist-Leninist party that he mentioned is now a democratic party, so much so that its leader is under house arrest—

Sir John Stanley: Was.

Dr. Howells: Was under house arrest. That is a great encouragement, as it shows how such parties can change.

The hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) asked whether the Maoists in Nepal are being financed by the Chinese Communist party. Maoist parties have always been completely beyond my comprehension, as a student of the left, so I was glad to hear that they are not.

The hon. Member for Croydon, South mentioned the spread of the influence of Maoist insurrectionists into north-east India. There have been problems with the Naxalite insurrectionists in that area, who have committed some brutal murders. The hon. Gentleman is right to emphasise that aspect, and we must work closely with the Indian authorities to consider those links.

I am sure that most people in this country would be amazed to discover that Nepal has a large population. I initially thought that it had a population of about the same size as that of Scotland, but nobody knows how big it is. It is estimated to be between 25 million and 28 million. It is a huge population, which is very influential on India.

The hon. Member for Taunton talked about developing the economy and about the need for us to become more familiar with Nepal through tourism and other means. I do not know, but perhaps the right hon. Member for Tonbridge and Malling, as his interest continues, will be able to tell us whether Nepal might be able to supply India with electricity using hydroelectrics. Perhaps its future lies in becoming more involved in that burgeoning area of economic growth in northern India, which is not far away and with which it has many organic links and links through river valleys.

Such progress is happening in Afghanistan, and the great hunger for electricity in Pakistan and India could be met by Tajikistan and Kyrgyzstan—those mountainous countries in the western Himalayas—via Afghanistan. Perhaps there is a similar future for Nepal. That is an important question.

The UK continues to support the transition of the Maoists back into a democratic political party, which would then participate in a multi-party democratic system, but that must be predicated on the Maoists making a demonstrable commitment to ending their violence and putting their arms beyond use for good. I make it absolutely clear that that is the only way that the Maoists will gain legitimacy in our eyes. The hon. Member for Cotswold was right to say that and the point must be emphasised.

We stand firmly behind the efforts of the political parties to take the reins of government and bring an end to the Maoist insurgency. We will make every effort to ensure that they are prepared and equipped to do so, including through our development assistance and the global conflict prevention pool. We are working with our international partners on co-ordinating the international effort as closely as possible.

Several hon. Members asked about military supplies to the security forces. Following the king's takeover of power last year, we put military assistance under review and cancelled the package of military assistance that we had intended to donate to Nepal using funds from the global conflict prevention pool. At this stage, it would be premature to make any formal commitments on security assistance. Now that there is a new Prime Minister and the prospect of a new Government who will take

forward negotiations with the Maoists, we will consider requests from that new Government, but so far there have been none.

In the context of the new political landscape in Nepal, our conflict prevention objectives will inevitably shift. If the new Government can make progress on a peace process—

Janet Anderson (in the Chair): Order. We must move on to the next debate.

Science (UK Universities)

11 am

Dr. Vincent Cable (Twickenham) (LD): I am grateful for the opportunity to introduce this debate on a big and important subject—probably too big for a half-hour debate. I am aware that many of the issues that are relevant to this discussion, particularly in respect of the pressures on some university science departments, are being dealt with elsewhere in the House, notably by the Select Committee on Science and Technology, which is chaired by my hon. Friend the Member for Harrogate and Knaresborough (Mr. Willis).

I wanted to introduce this debate for several reasons, some of which are personal. Although my constituency is not a university centre, it does have two of the biggest science laboratories in Britain. The National Physical Laboratory is Government owned and supported by the Department of Trade and Industry. Among other things, it has responsibility for the atomic clocks and, therefore, Greenwich mean time, and it houses hundreds of highly qualified physicists. The Laboratory of the Government Chemist has been privatised in recent years but retains its core function of standard-setting for chemistry. It also employs many highly qualified chemists. As a result, the Twickenham-Teddington area is populated by a substantial number of high-quality, highly qualified scientists.

I meet those scientists on the doorstep. They convey their anxiety about the state of science in the universities, on which they depend for their graduates and in which many of them alternate in taking university appointments. There is particular anxiety about the closure of chemistry departments in London, including those at Queen Mary's and King's college.

I have a long-standing interest in science education at school level. I secured an Adjournment debate two years ago following the introduction of the Adrian Smith report on maths teaching, and I maintain a close interest in it. Although the Government have undoubtedly taken some action, I am still concerned that some of the underlying problems, which are linked to the problems of the university science sector, remain.

On a personal level, I am of that generation of people who found it easiest to get into university by doing maths, physics and chemistry. I spent two years in chemistry laboratories before deciding that economics was a somewhat more amenable, perhaps easier subject. However, I have since then repaid my debt to science by having a son who is a very good post-doctoral scientist. He briefs me on the strengths of British centres of scientific excellence—for example, Imperial college, where he works—but also on some of the frustrations of academic scientific life.

I mentioned my background because it has some relevance to this debate. When I studied science in the 1960s, there was a great deal of interest in the role of science, prompted mainly by the Harold Wilson Government. There was the Trend report on the future of science, out of which emerged the conventional wisdom that Britain was very good at science but not very good at applying it to wealth creation. That general idea has existed for the past 30 to 40 years, but increasingly people are questioning the underlying proposition, for two opposite reasons. One is that

[Dr. Vincent Cable]

Britain has become better at translating science into wealth creation. There is a great deal of evidence that many good science-based industries are developing in the UK. On the other side, there are questions about whether we can continue to be so complacent about the excellence of British science. There are genuine worries on that score, but before I detail some of them, I should like to start with a positive observation.

British universities certainly have a great deal to be proud of in the science field. This country has 1 per cent. of the world's population but 10 per cent. of all cited papers and 11 per cent. of cited papers that attract the greatest degree of scientific attention, and 12 per cent. of the university science prizes. An indicator has been developed to compare the performance of science faculties across Europe—obviously, there are arguments about methodology—and British universities topped the list, having six of the 10 top university departments in Europe.

On several measures, Britain does very well. I recently saw a reference in *New Scientist* to the fact that Britain now may stand ahead of the United States on some measures of the standard comparators for the life sciences. There is a very good story to tell in some areas.

Equally, there are some serious worries, on which I shall focus. As the Minister knows, much of the anxiety centres on the large-scale closure of university science departments. There have been 79 in the past six years and, in the past 18 months, there have been suggested closures of five chemistry departments, although I believe that the one at Sussex university has been reprieved. The Royal Society of Chemistry has argued that, on the basis of current policies on research funding allocation and teaching funding allocation, it would expect another 20 to close in the next 10 years. The 60 chemistry departments that we now have would be reduced by a further 20. That is on the basis of current trends—it may or may not happen.

Those comments were sufficient to produce the reasonable consensus that was summarised by the Science and Technology Committee, which expressed in moderate language what is a growing worry in the science community. It stated:

"Whilst it may be exaggerating to say that university STEM departments"—

that is, science, technology, engineering and mathematics departments—

"are in crisis, it is clear that their numbers are experiencing a sharp decline. Since the financial situation faced by these departments is unlikely to change in the short term, it is reasonable to assume that there will be further closures. If this process continues unchecked, there is a very real possibility that the system will no longer be able to provide sufficient numbers of STEM graduates to meet the needs of the UK economy."

That conclusion has been reinforced by businesses. Companies such as GlaxoSmithKline and AstraZeneca have publicly expressed their worry about the decline, particularly in chemistry. The CBI has likened the position of university science to a car crashing in slow motion. That may be an over-dramatisation, but businesses as well as academics have a view on the matter.

What are the sources of the problem? I shall touch on four issues which are, to some extent, interconnected: first, the overall funding position; secondly, the availability of students to do science in universities; thirdly, the formula that is used for allocating funding for science teaching; and, fourthly, the basis of allocation of science research in universities. Those four things are interrelated. For example, a university department may have a brilliant set of teachers and researchers, but it would find it difficult to continue to function if there were no students. Indeed, Alasdair Smith, the vice-chancellor of Sussex university, described that scenario as one that had led him to take a pessimistic view.

Dr. Ian Gibson (Norwich, North) (Lab): Does the hon. Gentleman agree that another factor is that businesses and universities have not learned how to live with each other, talk to each other and develop together? There are small signs of interaction—the odd professor here, the odd studentship there—but there is no concerted activity in this country to bring them together as suggested in the Lambert report.

Dr. Cable: I have seen the Lambert report, which highlights that long-standing underlying weakness. As I said in my introductory remarks, I sense that much progress has been made in that direction, but it is starting from a very low base.

Let me briefly run through the four headings and pose some questions to the Minister. First, on overall funding, this is not the place for me to try to score points about the funding of science. There are other forums in which we can debate that much more satisfactorily. I note that the Chancellor has considerably increased the overall envelope of science funding—I acknowledge that. It was referred to at considerable length in the Budget, within the framework of long-term science policy.

I do not question the overall level of science funding, which is substantial and growing rapidly, but its emphasis. Perhaps the Government assume a little too easily that it is helpful for them to fund practical research and development that the private sector may well be willing and able to do itself, rather than basic science, which is, after all, a core function of Government. There is an issue about whether there is too much emphasis on supporting private sector R and D, whether through tax credits or direct support, rather than basic science, but I am not raising here the question of the overall spending envelope. I want to spend more time on the other two questions.

The most worrying and fundamental issue is that there seems to be a long-term problem about students coming forward to study the basic sciences: physics and chemistry, and mathematics, which is closely linked. The statistics are worrying. The 15-year trend since the early 1990s shows a decline in the number of students taking those subjects at A-level of about 35 per cent. in physics, 22 per cent. in maths and 12 per cent. in chemistry at a time when further and higher education has been expanding rapidly. That has been a decline at a time of general expansion of higher education, which is worrying. I appreciate that the short-term picture may give more grounds for optimism and I shall give some of the more detailed figures that have emerged this year covering the period when the Government have been in power.

There has been a decline in the number of people taking A-level physics from 28,800 in 1997 to 24,094 in 2005. That decline has been continuous throughout that period. Physics is the really bad story. Chemistry is more mixed. There has been a decline from 36,430 to 33,164 but over the last two years there has been a considerable improvement. In biological science the position is more or less flat. In mathematics there has been a catastrophic decline from 56,000 in 1997 to 46,000 last year, but the last two years have seen a considerable improvement from a worryingly low level.

Mr. Boris Johnson (Henley) (Con): Does the hon. Gentleman agree that it is particularly worrying that the decline has been even more precipitous in the maintained sector? The students who are doing maths, physics and chemistry are increasingly in the independent sector, and 40 per cent. of A grades in physics and maths A-level come from children in the independent sector. Is that not even more worrying?

Dr. Cable: I was going to make exactly that point. It is ironic that the private sector, which used to be regarded as the preserve of effete generalists, is increasingly one of the few sectors of education where people do double maths, which is a necessary foundation for advanced physics. That is worrying because people in the maintained sector who have limited means are simply not getting access to teaching in those important disciplines.

Various reasons have been advanced for the problem of science education and attracting students. First, students are being attracted more to vocational disciplines. There is a big growth in demand for law, medicine, architecture and so on and those choices are rational. The research into rates of return on education suggests that students in those disciplines make a higher return than students who do basic science, so the choice is rational from their point of view.

The Royal Society of Chemistry also makes the point that people may just be looking for easy subjects and makes an invidious comparison, contrasting the decline in the number of chemistry students with the rapid increase in media studies students. I shall not make pejorative remarks about media studies because it is too fashionable to do so, but there is a jarring contrast between the two experiences.

The basic problem relates to skills; the figures unearthed by Adrian Smith in his report two years ago still have great force and are worrying. He noted then that there was a shortage of 3,400 in the number of maths teachers. Do the Government know whether that figure is now better or worse? Adrian Smith noted, for example, that one third of all science teachers had a third-class honours degree or less and that many had no maths beyond GCSE but were trying to teach advanced-level science without having the basic skill levels. The age profile was also adverse, with a high proportion being over 50.

I have only a couple of minutes left so I shall try to draw the threads together. Will the Minister update us on what has happened since the Adrian Smith report and say whether the Government are going to act on some of his more radical recommendations—such as giving greater weight to maths GCSEs and A-levels and university admission, and allowing undergraduates to teach maths in schools, using their training at that early level?

The third issue is the funding formula for university science teaching. One of the most damaging decisions to have been made in recent years was that by the Higher Education Funding Council when funding for science teaching, which used to be at the level of 2.1 per cent. of the baseline, was arbitrarily cut to 1.7 per cent. Putting it crudely, the non-science faculties seem to have ganged up on the scientists and switched a large amount of funding out of university science departments, which effectively had a cut of 20 per cent. They used a circular and damaging argument. They noted that science faculties were doing much less laboratory work and concluded that they needed less money. However, they were doing less laboratory work because they had less funding. That decision was very damaging. Is that a matter on which the Government have any say? After all, they are the main funding body for universities. The decision seems to have been taken by a Government quango and the feedback I have received is that if that decision could be reversed, it would do more than anything to improve the position of science departments in universities.

I am conscious of the time and my final comment relates to the funding formula for university research—the research assessment exercise. Traditionally, it has been based on peer review and the logic of that is clear. Universities are independent and it is right that university academics should have a peer review process, but it has thrown up all sorts of damaging anomalies. Universities are sacking teaching staff to boost their research rating—Brunel university was cited recently as an example—and actively poaching research staff from other universities. Several senior vice-chancellors, Mr. VandeLinde at Warwick and the vice-chancellor of Bristol, have seriously criticised the system as being highly distorting, producing a perverse market and doing great damage to university research.

I understand that the 2008 review will be conducted more subtly and the Government announced in the Budget that they will introduce a parallel shadow system based on metrics—fund-raising for university departments. If there is such a fundamental flaw in the system, why must we wait until 2013 for an improved system, if that is what the Government's recommendation proves to be, to have any effect?

11.18 am

The Minister for Higher Education and Lifelong Learning (Bill Rammell): I congratulate the hon. Member for Twickenham (Dr. Cable) on securing this debate and raising this important subject. He has taken a deep and long-standing interest in the matter and has a significant constituency interest.

I shall start by setting out the context. To be fair to the hon. Gentleman, he set out the context relating to science in our universities. We currently have a strong science base and we are second only to the United States in terms of world-class research. We comprise 1 per cent. of the world's population, yet we do 5 per cent. of the world's science and produce 9 per cent. of all papers and 12 per cent. of scientific citations. That is a substantial and positive record.

[Bill Rammell]

From the time when the Government came to power in 1997 to the end of the current spending period, we will have more than doubled spending on UK science and research. That is a substantial and sustained commitment and better than what went before. However, I hasten to add that we have no grounds for complacency. That is why, two years ago, we published our "Science & innovation investment framework 2004–2014". It is a strategy for the decade and aims to make Britain the most attractive location in the world for science, research, development and innovation.

The hon. Gentleman referred to the research assessment exercise. Our science base is built on the excellent research carried out in our universities. University research has always been a progressive, constantly developing force and for the past 20 years the key driver of that change has been the research assessment exercise—the RAE. It has moved us to a point at which we can say with confidence that taxpayer-funded research in this country is world-class. Let me explain what I mean. Between the last two RAEs, in 1996 and 2001, the number of university departments achieving the top 5 or 5* rating rose by a very significant 65 per cent. to more than 800. Those excellent departments now employ more than half of all the researchers in the higher education system.

Like the research that it evaluates, the RAE has changed and improved every time that it has been conducted, and it will continue to change in the current round. For the next exercise, in 2008, the cliff-edge effect—the difference in financial consequences between a research rating of 4 and a rating of 5—which has rightly concerned many people, will be addressed by the introduction of an institutional quality profile. There will be fewer peer review panels than in the last exercise, in 2001, and greater recognition of applied and interdisciplinary research. Those changes have been widely welcomed in the sector.

The hon. Gentleman referred to our announcement at the time of the Budget of a new stage in the development of research assessment. We are seeking to move after 2008 to a metrics-based system of assessment that continues to recognise and drive quality, but which at the same time reduces the burden that the RAE places on universities' time and staff resources. We have already established a working party, which I am pleased to report is making significant progress.

The hon. Gentleman asked why we have to wait. We have made it clear within the review that we are conscious that significant preparations are already under way for 2008. It is therefore the Government's presumption that the 2008 RAE should go ahead, incorporating a shadow metrics exercise. However, if an alternative system is agreed and widely supported and a clear majority of UK universities favour an earlier move to a simpler system, the Government will be willing to consider that. We need to withhold our judgment for now. There does not appear to be a groundswell of support for such a move at the moment, but if there is we will be prepared to consider the issue.

I come now to the importance of strategic and vulnerable subjects, on which the hon. Gentleman rightly commented. That issue has been the focus of recent publicity. It needs to be borne in mind that one strength of our university system is university autonomy. The idea that we can plan at micro level, from the centre in Whitehall, the exact numbers of science places throughout the country is wrong. That would not serve our best interests. However, we have asked the Higher Education Funding Council to monitor whether there may be areas in which current provision seems out of step with the national need, to consider whether action may be needed and, if so, to advise on what might be done. That said, it is important to recognise, as the Roberts review did, that there is not a crisis in science in our universities. When we talk about the number of undergraduates studying science, it is important to remember that, across the board, there are 120,000 more students doing science subjects today than there were in 1997.

Mr. Boris Johnson: Could the changes that HEFCE recommends include allowing it to restrain a university from closing a science department if it wanted to do so?

Bill Rammell: I do not think that we need that kind of central command and control. However, we have made it clear that where there is a vulnerability, where an institution is considering the position of a science, technology, engineering and mathematics—STEM—subject, there should be early intervention in the form of discussions with the institution. Indeed, that has been happening. The hon. Member for Twickenham commented on the situation at Sussex university. It is because of early intervention through HEFCE that we will not see a loss in terms of overall student places. As a result of co-operation with neighbouring institutions, the numbers will be upheld.

It is important to place the issue in the national context. The hon. Gentleman commented on the recent changes. Overall in the last couple of years, there has been the beginning of a turnaround. There was an increase of 10 per cent. or more in the number of students accepted last year to study subjects such as maths, physics and chemistry, and there have been further increases in the application round this year. That is significant. We are not complacent, but it does give us grounds for cautious optimism.

Another key factor is what the Government are doing to stimulate demand from students. In the longer term, that must be the area in which we make progress. Again, we set out in the Budget significant commitments to science teaching. My right hon. Friend the Chancellor of the Exchequer made a commitment of £32 million-worth of new measures over just the next two years. We are committed to increasing the number of pupils achieving level 6 in science at key stage 3 and good science grades at GCSE, raising the number of science A-level entries and increasing the percentage of teachers with a physics, chemistry or maths specialism.

The hon. Gentleman commented on the quality of graduates going into science teaching. One figure that

gives me a degree of encouragement relates to the proportions of people going into the teaching of physics, chemistry and maths. The number of people doing that with a 2:1 or a first-class degree has risen significantly in recent years.

With regard to meeting our overall commitments, we have made it clear that we want to provide pupils with more opportunities to study three separate sciences at GCSE. We are piloting 250 after-school science clubs to offer an engaging and stretching programme of activities to key stage 3 pupils with an interest and potential in science. We are providing more continuous professional development opportunities for science teachers and technicians.

Our science and engineering ambassadors initiative has a significant role to play, as have the curriculum reforms that we are introducing from this September. At key stage 4, we will maintain the breadth and depth of the curriculum, but it will have greater relevance to today's world, so that young people learn more about the use of contemporary scientific and technological developments and their benefits, drawbacks and risks. I am talking about the practical application of science in society, rather than just learning by rote. To encourage increasing numbers of young people to engage in these subjects, that must be a way forward.

Since 1997, there has been a [illegible] per cent. increase in the number of new science teachers, but the Government are the first to acknowledge that we need to do more. That is why we have made significant increases in the teacher training bursaries and the golden hellos, which evidence suggests are having an impact and helping us to recruit greater numbers of science graduates. We need to get the message across to young people about the significant advantages of undertaking a course of study in a STEM subject.

Dr. Cable: I agree with the Minister's philosophy of not trying to micro-manage universities, but will he address the specific issue of the funding formula for teaching, which seriously disadvantages science departments? Are the Government addressing that?

Bill Rammell: May I just finish my point? I will then address the point made by the hon. Gentleman. I was talking about the financial benefits of taking a STEM subject. The graduate earnings premium is 30 per cent. for a STEM subject compared with 23 per cent. for a non-STEM subject. Taking a STEM subject will significantly enhance the earning capacity of a graduate over their working life. We need to get that message across to young people in this country.

On the hon. Gentleman's question, we have made it clear that the Government and the Higher Education Funding Council want to distribute grant to take account of variations in the actual relative costs of teaching different subjects. That is why the collection of cost information in accordance with full economic cost principles should be an important step forward. That will happen in 2008. An important related point is that if laboratory-based science is relatively underfunded, something else must be relatively overfunded. It is not enough just to argue that it would be helpful for science to receive more funding in the formula. Anyone with credibility who proposes changes to the formula also has to find sustainable and convincing evidence that other subjects are relatively overfunded.

We are pursuing a number of other initiatives. My hon. Friend the Member for Norwich, North (Dr. Gibson) raised the issue of knowledge transfer. The higher education innovation fund, whose funding envelope we have successively increased, is helping and supporting the spread of scientific ideas for practical business purposes in this country—

11.30 am

Sitting suspended until half-past Two o'clock.

Army Barracks (Deaths)

Janet Anderson (in the Chair): In the event of a Division in the main Chamber we will adjourn for 15 minutes, and for 12 minutes in the event of subsequent Divisions. I advise hon. Members that the case of Derek McGregor at Catterick barracks is sub judice, so I advise them not to refer to that case.

2.30 pm

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): It is a pleasure to serve under your chairmanship, Mrs. Anderson, on this important occasion. This is a serious debate on a serious issue, and I confirm to my hon. Friend the Under-Secretary of State for Defence that I am a great admirer of our armed services and the men and women who choose to serve for our defence. I want our Army to be the best in the world and to reflect the democratic values that we cherish.

Yet members of the armed forces who protect our rights are entitled to have their rights protected by us. The Army should be a model of best practice and set a benchmark from which others can learn. That is the context for the debate and we need a dialogue on it.

We last had an opportunity in Westminster Hall to debate the subject of deaths in Her Majesty's armed forces on 4 February 2003, when the then Member for Kingston upon Hull, North, Kevin McNamara, highlighted the courage and bravery of a number of families campaigning for a public inquiry into deaths in Army barracks. Three years later, those families are still looking for answers and, as the Deepcut and Beyond families group, they have grown in number and strength. Those families were brought together by the tragic loss of children who died when serving the Crown, most of whom had brothers or sisters and some of whom had children of their own. Those soldiers joined the Army full of optimism, believing in the future, and learned to have pride in their regiments. They knew that they might have to fight for their country but they believed in the future. Somehow, something went terribly wrong.

Every family has a different story to tell. Whatever the circumstances of an individual death, each family had cause to doubt the explanation given. It did not make sense. Bereaved families did not feel that they had been told the truth, and they did not believe that those responsible for their children's deaths, whether by action or neglect, had been brought to justice or held to account. While the Army establishment closed ranks and denied there was a problem, the press drew the seemingly obvious conclusion that there was a conspiracy to cover up the truth and to allow perpetrators to go unpunished.

The Deepcut and Beyond group has provided support and assistance to Army families who have experienced the traumatic and otherwise lonely upheaval of the sudden death of a child. Setting out the public case for a full inquiry, the group has developed a comprehensive agenda for change. The group is calling for civilian oversight to ensure effective investigation of complaints and deaths. It argues for structural involvement of families to ensure that lessons are learned and measures put in place to prevent future deaths. Through Daniel's Trust, bereaved families have been able to work with the independent forces helpline to give confidential advice to young soldiers suffering bullying, and have engaged directly with the officers responsible for fulfilling the duty of care.

Inspired by such positive thinking, I am pleased to report the formation of the all-party group established on 1 February 2006 with the aim of providing a parliamentary focus on non-combat deaths in the armed forces, and to support the Deepcut and Beyond families group in seeking truth, justice and change. Membership of the group reflects genuine all-party backing for the families and extends throughout the United Kingdom. I was proud to be elected chair of the group, with the support of Lord Ashley as secretary and a fine panel of officers, some of whom are in the Chamber today. I am optimistic that we can assist the Government and the Ministry of Defence in rising to the challenge of Deepcut and beyond.

I shall pose a number of questions and seek the support of the Minister for a number of propositions. Do we still need a public inquiry? The Minister has previously addressed that issue and is considering his response to the Surrey coroner and the recommendations of the Deepcut review conducted by Nicholas Blake, QC. The Deepcut families, who have lived with the investigation since their children's deaths, are looking in detail at the report and its findings, but the demand for a public inquiry is not going away.

At the conclusion of its investigations into the four deaths, Surrey police outlined the case for a broader inquiry that would

"address the sufficiency of the Army's care regime in respect of young soldiers in training at Deepcut and beyond."

It was Surrey's summary recommendation

"that the Ministry of Defence considers a broader investigation of",

first:

"Whether the risks identified at Deepcut are replicated across the wider"

training establishment

"and how these may relate to the issues of self-harm, suicide and undetermined deaths";

secondly:

"How the Army's care regime may be further improved";

and thirdly:

"How independent oversight might help the Army define and maintain appropriate standards of care for young soldiers."

At the conclusion of a three-week inquest into the death of James Collinson, the jury returned an open verdict. Exercising his duty to report on matters where action should be taken to prevent the recurrence of fatalities, Her Majesty's coroner wrote to the Secretary of State, stating that

"because of the limited constraints of an inquest, there has to be some way of resolving the unease that there seems to be abroad about Deepcut."

Expressing his respect for the armed forces, he said that

"they deserve that these matters be addressed thoroughly and independently so that rumour and speculation can be met head on."

His personal view was that the MOD should take whatever steps necessary to restore public confidence in the recruitment and training of soldiers at Deepcut and elsewhere. He said:

"I personally believe that they should have nothing to fear from an inquiry held in public".

Although Nicholas Blake does not back the families' call for a public inquiry, he argues for Deepcut families to be given complete disclosure of statements collected by Surrey police, as well as the opportunity to put new evidence before a judicial authority that can order fresh inquests. I welcome that proposal, but it does not address the Surrey coroner's view that an inquest will not satisfy the families or meet the public interest requirement for an effective investigation of these or other deaths. As the coroner has told the Secretary of State, his office does not have the expertise, resources or statutory powers needed to conduct such an investigation, so that alone is not the answer.

The Minister knows that the problems that give rise to public concern and drive those pressing for an inquiry do not stop at the perimeter fence of Deepcut barracks. Truth, justice and change go together. Each theme constitutes an aspect of the public interest in holding an inquiry. In order to restore public confidence and rebuild the relationship of trust between the Army and public, the Secretary of State should consider the value of an inquiry that fully involves the families of the victims, and that is independent in character, judicial in authority and open to the public. An inquiry should be able to examine and make recommendations concerning all the agencies that need to be involved for the effective investigation of sudden deaths and all bodies that could help prevent them. It is bold; it is joined-up; it is a profoundly democratic solution.

I want to clear up a couple of misconceptions. First, it is claimed that the Deepcut and Beyond families want 1,748 deaths to be investigated. As far back as the Adjournment debate in February 2003, Kevin McNamara pleaded with the Minister to provide statistics that would enable the headline figure of 1,748 deaths from non-natural causes between 1990 and 2003 to be broken down so that the scale of the problem could be accurately assessed. Deepcut and Beyond families repeated the point in evidence to the Select Committee on Defence, pointing out that an inquiry would be remiss if it failed to demand full disclosure of such information prior to conducting its own scoping exercise. I hope that the Minister will consider the statistical information available and see whether a breakdown can be given of the presumed causes of death and their locations.

Secondly, I want to address the claim that an inquiry into Army deaths would be a disproportionate drain on the public purse. The Victoria Climbié inquiry, headed by Lord Laming, revolutionised our thinking about child protection. It cost £3.8 million. The Macpherson inquiry into the death of Stephen Lawrence became the authority on institutional racism and changed the face of modern policing. It cost £4.2 million. By comparison, the Army has responded to criticism of its regime for young recruits by investing an additional £43 million in training. Last year alone, it spent £33 million on recruitment advertising. What price can be put on restoring the confidence of mums and dads? What price can be put on justice?

The Deepcut and Beyond families group believes that a public inquiry into Army deaths, headed by a senior judge, would provide the best vehicle for achieving truth, justice and lasting change. They believe that such an inquiry would provide the best vehicle for the Government and the Army to work in partnership with families and learn from their experiences. They believe that such an inquiry, sitting in public, would provide the best opportunity to restore confidence in the Army and they urge the Government not to close their mind completely, but to keep the subject under review.

The second question that I wish to address is what kind of independent oversight we need. I am delighted that Nicholas Blake QC placed his proposals for independent oversight at the centre of his recommendations. The review proposes introducing a legal requirement that all sudden deaths of Army personnel be referred to a coroner. It also proposes that the Ministry of Defence make funds available so that bereaved families can be advised and legally represented at inquests. Nicholas Blake has stated that failure to implement his proposals in full would shift the public interest towards a judicial inquiry, and the Minister will no doubt pay due regard to that.

The Defence Committee has established the case for independent oversight of the armed services, and the Deepcut and Beyond families cogently put their detailed considerations to the Committee that considered the Armed Forces Bill. Let me, however, give the Minister some reassurances: the armed services have nothing to fear and everything to gain from establishing a robust mechanism for independent oversight. The Police Ombudsman for Northern Ireland is recognised as a world leader in terms police accountability, and the chain of command of the Police Service of Northern Ireland has been not damaged by the ombudsman's effectiveness but immeasurably strengthened. The armed forces should set their standards of accountability at the level of a world leader.

The effective operation of the armed forces does not require oversight with an independent element—it requires independent oversight full stop. The ombudsman or commissioner must be credible and able to operate without jurisdictional obstacles. His or her powers must be based on statutory authority. The commissioner should be a civilian, selected under an independent appointments procedure, who has independent tenure and their own premises outside the military estate. Legislation should guarantee sufficient funding.

The oversight commissioner should be able to investigate any complaint referred to them and to initiate their own investigations, retrospectively if necessary, if they have reason to believe that it would be in the public interest to do so. The experience of oversight bodies in other countries suggests that problems with frivolous or vexatious complaints can be quite easily addressed through rules of procedure. The commissioner would not be in competition or conflict with the regular complaints mechanisms established through the chain of command or with other procedures that have been put in place.

The oversight commissioner will require sufficient powers so that their staff can operate effectively, including powers to enter barracks, seize documents and tap phones. Obstructing an investigation should be made a criminal offence. The commissioner should make an annual report to the Secretary of State, which should be laid before Parliament. In addition, they should publish research.

[Mrs. Joan Humble]

The commissioner should be able to establish advisory bodies that involve people with particular expertise and skills. The experience of the Deepcut and Beyond families illustrates the value of involving families of service personnel to supplement the sources of information available to the commissioner. An independent families group could, for example, assist in establishing a lay visitor's panel to undertake inspections of barracks and military facilities. I hope that the Minister will take those comments into account when he examines proposals for the introduction of such a commissioner or ombudsman.

How should we deal with deaths overseas? The Deepcut and Beyond families group has highlighted the absence of effective investigation when non-combat deaths occur overseas. The Royal Military Police are not seen as independent and lack the skills to conduct an investigation that would satisfy the requirements of the Human Rights Act 1998. There is rarely local civilian police involvement and there is no independent pathologist, no forensic expert and no opportunity for family involvement.

Although we would expect an oversight commissioner to investigate deaths overseas when called on to do so, Nicholas Blake also looks, correctly, at strengthening existing mechanisms. Compulsory inquests or fatal accident inquiries would assist families in Scotland and Northern Ireland when the discretion of the procurator fiscal or coroner does not seem to have been exercised in the interests of further investigation. Nicholas Blake's proposal to bring the Royal Military Police under the scrutiny of Her Majesty's inspectorate of constabulary would lead naturally to consideration of further issues, such as the provision of adequate resources and the benefits of a human rights training programme in terms of the effective conduct of investigations into sudden and suspicious deaths.

Will my hon. Friend therefore look into the manner in which non-combat deaths overseas are investigated? Will he consider meeting representatives of bereaved families to discuss their concerns and potential solutions? Many feel that the initial investigations, which sometimes took place some years ago, were totally inadequate.

How far can we go in improving the exercise of the duty of care? Nicholas Blake misses the opportunity to draw a line under the recruitment of under-18s, but he makes several useful recommendations to assist the Army in exercising its duty of care, and I hope that they will be accepted as soon as possible. The Army should promote understanding and respect for human rights at all ranks, and the fundamental principle of human rights should be part of basic training.

Let me mention some suggestions made by the families so that the Minister can consider them and reply in due course. First, there should be a mechanism to ensure parents' ongoing involvement in their children's welfare. Secondly, the Army should consider the means by which the Health and Safety Executive's jurisdiction can be extended to cover overseas bases and help protect against accidents. Thirdly, sustained action is needed to address the culture of alcohol abuse in the armed forces. Fourthly, attention needs to be given to shortcomings in the medical care regime and to its relationship with the chain of command, particularly where confidentiality issues arise. Fifthly, the Army should commission an independent study to monitor the experiences of soldiers who go absent without leave or who seek early discharge, with a view to publishing its findings and recommendations.

Can we safeguard children and young soldiers at risk? The closed nature of the military establishment, the strict disciplinary regime and the absence of parental oversight make young soldiers particularly vulnerable to the attention of sexual predators. Deepcut and Beyond families point to the conviction in August 2003 of a former lance corporal and serial abuser, Leslie Skinner, who was initially charged with male rape and later convicted of multiple charges of indecent assault. Those offences were committed while he was employed as a non-commissioned officer trainer at Deepcut barracks in 1996 and 1997.

Leslie Skinner's history is well known, and several hon. Members want to participate in the debate, so I shall not go into detail. I note, however, that the Safeguarding Vulnerable Groups Bill, currently under consideration in the House of Lords, provides for an effective checking and vetting regime that could result in practical mechanisms for barring individuals from contact with children. It gives substance to the Government's commitment to ensuring that children stay safe, which is one of the five thematic outcomes of "Every Child Matters". Although some recruits might fall outside the target group of children and young people aged between nought and 19, it is already recognised that the age range of the at-risk group might extend to 25 years where there are special or additional needs. Will the Minister take the opportunity presented by the Bill to ensure that young recruits are afforded further protection?

In a debate in the other place on 19 April, Lord Ashley of Stoke recalled that almost 20 years before, when the Army's reputation was threatened by brutality, bullying and vicious initiation rites, he had proposed that there should be an independent ombudsman. He recalled how he had argued on 2 November 1987 that that would be

"the best way of transforming the Army ethos and of restoring its reputation."—[*Official Report, House of Lords*, 19 April 2006; Vol. 680, c. 1116.]

Lord Ashley explained that the then Minister had responded to such calls with the by now familiar message that bullying is a serious offence, that it forms no part of proper service life and that the Government are clear that it cannot be tolerated.

Surrey police, the Surrey coroner, Nicholas Blake and all who have had cause to look into the regime of "horrendous bullying", "foul abuse" and "sexual harassment" at Deepcut barracks have expressed shock that the situation was allowed to persist for so long. The warning bells have been sounded. Proposals have been made. Now is the time for action. The Armed Forces Bill provides a timely legislative opening to introduce a series of reforms demonstrating a commitment to change that will support the armed forces.

In spite of all the concerns that I have raised and those that I have read about, our armed forces do us proud. They go abroad in our defence and look after our interests. Now is the time for us to look after their interests as well.

Janet Anderson (in the Chair): Many hon. Members want to participate in this debate, and I shall try to call as many as possible but should like to start the wind-ups at about 3.30 pm.

2.51 pm

Lembit Öpik (Montgomeryshire) (LD): I pay tribute to the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) on securing this debate. I also pay tribute to the parents of the four young recruits who died at Deepcut barracks. My comments will be expressly on the issues involving Deepcut, for those are the ones that I know best.

The Deepcut parents have been forced to fight a passionate and painful campaign to get answers to questions to which they have a fundamental right to have answers—namely, how and why their children died. From the start, the Deepcut parents have conducted themselves with enormous dignity and astonishing courage. I am sure that all hon. Members recognise that and pay their respects to them.

The publication of the Blake inquiry has been a long-awaited step in the long and slow march towards truth and disclosure. I have a strong view about where we are and what needs to happen next. The families need to be given due time to absorb the Blake report fully, and I am concerned that the Government have not yet done that. The parents remain grateful to Mr. Blake for his work in compiling his review, although they have reservations about some of his recommendations.

The families are disappointed at the Government's apparent insistence that the case is somehow now closed. They have been in that position before, having been told that everything had been done that could be done and that to keep on campaigning would be futile. However, the families have kept on, and have edged ever closer to what seems to be truth. In retrospect, it seems plausible to imagine that the Government decided beforehand that the Blake review would be their last action in relation to Deepcut.

My first question is therefore whether it is the Government's intention to regard the Blake inquiry as "case closed". If so, it would be a bad mistake both in the public interest, for many of the reasons that the hon. Lady highlighted, and out of respect for the wishes of the parents, who after all deserve breathing space as they seek to absorb such a massive report. Des James, my constituent and the father of Cheryl James, who died at Deepcut barracks, has wondered whether he made a mistake by acting in good faith and going along with the Blake inquiry. He feels that the Government are trying to foist closure on him and the other Deepcut parents before they have even had time to absorb the report fully and publish their own conclusions.

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): Does the hon. Gentleman agree that, had the care, communication and co-operation between different services that Mr. Blake outlines in his report been fully in place at the time when our constituents' children died at Deepcut, we would be in a better position now? Does he acknowledge that there has been any progress in the Army, particularly on the care and communication front?

Lembit Öpik: There has been progress, but that does not take away from the need to get an answer on what happened in the past. Every time I and other hon. Members who have been involved in the campaign have pushed the Government, more information has come out. That is one reason why I am concerned that we should not pretend that Mr. Blake's inquiry is an end to the matter.

On the same point, Mr. Blake extracted yet more detail about the deaths and the culture at Deepcut than the parents or Surrey police were aware of. He found "foul abuse of trainees", and evidence that sex had been used "as a passport". Bearing in mind the limited nature of Mr. Blake's investigation, it is possible—indeed, probable—that we still do not know the whole story.

Mr. Kevan Jones (North Durham) (Lab): As someone who has read the entire report, does the hon. Gentleman agree that it would be difficult now to find some of the evidence that might be needed, either because it has been destroyed or because some procedures in place at the time were, to say the least, lackadaisical? Trying to get to the truth of some of those deaths will be very difficult.

Lembit Öpik: I agree, but that is exactly why we need a full and independent public inquiry with the power legally to require witnesses to turn up. We are certainly not going to get the answers to which the hon. Gentleman refers if we adopt a voluntary, come-forward-if-you-dare process, which was more or less the constraint forced upon Mr. Blake.

The crucial point is that Mr. Blake did not have the power to compel witnesses to stand. With the Blake review, the families have had to accept that everyone who knew details or factors relating to the deaths stepped forward voluntarily. I do not believe that that was the case, however, and it is hardly surprising that the families remain cautious about the conclusions.

Before the Blake review, the families believed that a properly conducted public inquiry, with the power to compel witnesses to appear, was the only way of truly getting to the bottom of the Deepcut deaths. They continue to feel that way, so my second question is whether the Government are at least willing to hear representations from the parents about their views on the case for a public inquiry. It would be a cold-hearted Government indeed who were not willing to enter that dialogue.

The Ministry of Defence is adamant that the problems that affected Deepcut so severely are things of the past—that relates to what the hon. Member for Hackney, South and Shoreditch (Meg Hillier) said. However, according to the latest Army continuous attitude survey—the Army's own survey—8 per cent. of soldiers say that they have been bullied in the past 12 months; that is more than 7,000 personnel. Of those soldiers who complained about unfair treatment,

[Lembit Öpik]

discrimination, harassment or bullying, 77 per cent. were not satisfied with the way the complaint was handled.

Meg Hillier: Will the hon. Gentleman give way?

Lembit Öpik: I would like to, but I know that the hon. Lady wishes to catch your eye, Mrs. Anderson, and I must be a little self-disciplined with my time keeping.

In his summation, Mr. Blake expressed the hope that the lessons of Deepcut could be learned. In light of that, I am joining the calls made by other hon. Members for the Government to move immediately to establish an armed forces ombudsman, as the hon. Member for Blackpool, North and Fleetwood suggested. My third question is, therefore, what the Minister's view is on that recommendation.

I stress that the families need time to absorb fully the contents of Mr. Blake's report. They should be given the space to take in the conclusions and recommendations. Then they will have the space and the time to make a formal response to the report. It is vital that the families receive as much information as possible about the deaths of their children. It is a scandal that the evidence given to the Devon and Cornwall constabulary in its review of Surrey police's activities has not been made available to the parents.

We should remember that the Devon and Cornwall investigation took two years. Surrey police had plenty of time to devise a satisfactory means of disclosure but failed to do so. As a result, the Deepcut parents have still not had access to the 150-page report, a full seven months after Devon and Cornwall constabulary published a three-page executive summary.

In my view there has been a deliberate culture of secrecy, with the parents being prevented from seeing that full report and the ludicrous referral of a member of the Surrey police authority, Mr. Terry Dicks, to the standards boards of England for daring to request a copy of the report. I note that the chair and the vice-chair of the authority, who have no more legal status than the authority, were given copies; that indicates that something has gone wrong with the process. My fourth question is whether the Minister will investigate the circumstances surrounding the withholding of that report and other supportive information. It was used by Mr. Blake, and it was used by Surrey police to produce a short summary, but it has not been shown to others, including the parents.

Finally, one of Mr. Blake's chief recommendations was that

"agreement should be reached as to any further disclosure needed to enable the families of Sean Benton, Cheryl James and Geoff Gray to consider whether a fresh inquest into their respective child's death is in the interests of justice."

The Deepcut affair has exposed the secretive and opaque nature of police and military culture. The parents have had to fight every step of the way to get closer to the truth of what happened to their children. To regain the trust of the Deepcut families, and, significantly, of the public, the police need to operate in a more open and transparent manner. They should share, not block, access to information contained in the Devon and Cornwall police report.

I call on the Minister to work with his colleagues in the Home Office to ensure that the Devon and Cornwall police report is disclosed in full to the parents of those who died at Deepcut. Only when the parents have seen all the evidence can they decide how best to continue their campaign. As the hon. Member for Blackpool, North and Fleetwood pointed out, the coroner said that matters needed to be investigated thoroughly and independently and that the authorities should have nothing to fear from a full inquiry. The Minister should explain why the Government and the police are not taking that recommendation seriously.

I have not enjoyed pushing endlessly for the Government to take a more open and transparent approach towards the four tragic deaths at the Deepcut Army barracks. However, given the litany of failings exposed at each turn, I am more convinced than ever that it was right to do so. I do not enjoy the prospect of applying ever more pressure on the Government to get to the bottom of the unanswered questions and to get Ministers to share reports that have been kept secret until now, allegedly to protect individual identities, despite the fact that disclosure could easily have been arranged in a way that protected those identities.

In the interests of scotching further rumours that the official story has been covered up, and to ensure that everyone can have full faith in the investigations of Surrey police and others, I ask the Minister to assure the House that he will consider full disclosure of the reports. Either way, the Government can be assured that the issue will not go away until those questions are answered.

3.3 pm

Mr. Kevan Jones (North Durham) (Lab): I pay tribute to my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) for securing this debate, and for her tenacious campaigning on behalf of Deepcut and Beyond. I also pay tribute to Deepcut and Beyond; I have had the privilege of meeting the group on a number of occasions in my role as a member of the Select Committee on Defence and, more recently, as a member of the Committee considering the Armed Forces Bill. That determined group of individuals has done a great public service by exposing some of the most horrendous cases of bullying and by asking questions on matters that have been covered up by the military for far too long.

I support the armed forces not least because many young recruits come from my constituency and the north-east—and they are proud to serve in the armed forces. However, I am not proud of the way in which some people have been treated in the armed forces. The Deepcut and Beyond group of families has exposed some problems, and not only at Deepcut; as my hon. Friend said, Mrs. Farr and others are continuing their work by helping new recruits at Catterick.

In the last Parliament, I had the privilege of being a member of the Defence Committee when it considered the duty of care that the three armed forces have for youngsters in their charge. The inquiry lasted a year and took evidence not only from families but from the three armed forces. The Committee's report is a definitive work on the way in which such youngsters are looked after. As an historic reference, some past practices were

appalling. The Committee heard not only how the Deepcut families were treated but shocking evidence of how others had been treated and how they were dealt with afterwards. There has been an improvement in the way in which the armed forces handle things—for instance, in what they should do if people die while in the forces.

Recently, I moved new clause 24 to the Armed Forces Bill, in which I called for an independent commissioner to oversee complaints against the armed forces. Without such a commissioner, the reputation of the armed forces, which has been damaged, will continue to fall. The Bill gives us the opportunity to put matters right. I withdrew the new clause because the Blake report was due to be published the following afternoon, and I did not want to pre-empt it. I was assured by the Minister that the Government would consider those issues as the Bill went through Parliament and in their response to the Blake report.

Meg Hillier: I agree that appointing an armed forces ombudsman would be a good move. Does my hon. Friend not also agree that such a person's remit should require local police forces to provide for disclosure? Today, I received a letter from the Minister for Policing, Security and Community Safety saying that it was entirely a matter for Surrey police whether to disclose all the evidence to Mr. and Mrs. Gray in my constituency and to the other families of those who have died.

Mr. Jones: That is an important point. It is not only the armed forces that have no credit as a result of Deepcut; neither do the police.

I welcome the fact that a new protocol allows the police to have primacy in investigating such deaths. That is an important move. Part of the problem with Deepcut was the initial investigation into the four deaths. When the families subsequently asked quite reasonable questions, they were blocked. That led to an air of suspicion. If I was in their position, I would have come to the same conclusion that they did.

I have read the Blake report, and it is a good piece of work. My hon. Friend the Member for Blackpool, North and Fleetwood knows that I do not support another inquiry into the Deepcut deaths. The Blake report exposed the details of four very different cases. We should grasp its recommendations, especially that on independent oversight. Putting in place an independent commissioner or ombudsman would be a monument to the campaigning work of Deepcut and Beyond, and a fitting tribute to the four who died.

One issue that has not received much attention is the role of the media. Blake is critical of how the media reported the deaths, especially in the early stages. It is sad that certain newspapers have not held up their hands and come clean, admitting that they made mistakes. Those mistakes not only led to confusion but hurt the families of those who died. To be fair, Blake pulls no punches in his criticism of one national newspaper.

The British armed forces have the opportunity to regain their reputation. People should not be afraid. Other armed forces around the world, forces with which our armed forces regularly train and go to war, have independent oversight. Such oversight would ensure confidence among the young men and women who join the armed forces, and their families, that problems and complaints will be independently investigated. That will improve the situation.

The same arguments were put forward several years ago before we had the independent police complaints commission. Speak now to any chief constable, and they will say that it has improved the way they operate; it has not been a hindrance but has improved how they investigate and treat their recruits, and how they interact with the public.

Finally, I turn to the evidence given to the Armed Forces Bill Committee by the Deepcut and Beyond families. It headed its evidence "openness and transparency". That is what is needed in the British armed forces today. If during the passage of the Armed Forces Bill an ombudsman or commissioner is put in place, along with openness and transparency in respect of all information, that will go a long way towards satisfying some of the calls that there have rightly been, and it will be a fitting tribute to the sterling campaigning work of the Deepcut and Beyond families.

3.10 pm

Pete Wishart (Perth and North Perthshire) (SNP): It is a pleasure to serve under your chairmanship, Mrs. Anderson. I pay tribute to the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) for securing the debate and for diligently looking after her fellow members of the all-party group on army deaths. Kevin McNamara is a hard act to follow, but she has done it admirably and I hope the group will go from strength to strength.

Because of my constituency interests, I will confine my remarks to events at Deepcut barracks. I have been the constituency MP for Jim and Yvonne Collinson for the past year and have solidly backed them, and all the other families involved, in their campaign to secure a full judicial public inquiry into why their son, James, died.

Like all the families involved in the Deepcut campaign, Jim and Yvonne Collinson want only one thing: to find out how and why their son died. Like all the families involved in the campaign, they want, as far as is humanly possible after the tragic loss of a teenage son, to move on so that they can get their lives back together; they want some sort of closure so that they can start to live the rest of their lives. Jim and Yvonne have endured much over the past few years, and in recent months their lives have been a rollercoaster; first, there was the public inquest into the death of their son James at a Surrey court, and then a few weeks ago the Blake report was published.

I attended some of the inquiry hearings, and I found them fascinating. I know that "fascinating" is not a word that Jim and Yvonne would use to describe how they felt; they had to endure details about the conditions and situations that led to their son's tragic death. However, it was a fascinating inquiry; it was a very robust and thorough examination of the circumstances surrounding James Collinson's death.

The families are the biggest stakeholders in this process, and I have spoken to Jim and Yvonne about that. It is for them that we take this issue forward, and in order to help them secure justice, we continue to call for a public inquiry, which would eventually get to the heart of the matter of how their children so tragically died.

[Pete Wishart]

However, we seem to be further than ever from securing a judicial public inquiry. Following the Blake report, the Government appear to have started to dig their heels in. Ministers have suggested that it is now time to move on, and that we should leave the sorry chapter of what happened at the Deepcut barracks behind us. That is a hopeless and pious wish. How can we possibly move on when there is still a huge question mark hanging over the deaths of four young people? This issue will not go away until we finally find out what happened at Deepcut barracks that led to three young men and one young woman taking their lives. These tragic events are too serious to move on from. The campaign for a full judicial public inquiry will continue.

The public inquest into James Collinson's death was significant. It was the first of four inquests held in public in front of a coroner. A jury was given the opportunity to give a verdict, and there was opportunity for counsel to cross-examine. It was a robust and thorough hearing, and we learned more and more about what happened at Deepcut barracks. However, like everything else in the history of Deepcut—like all the other 17 or so reports, investigations and inquiries looking into Deepcut—it was essentially flawed and ultimately unsatisfactory. Like all the previous inquiries, it could go so far but it could not tell us everything. The public inquest into the death of James Collinson was hampered by the fact that it had solely and exclusively to focus on the death of James Collinson. Therefore, we lost the interconnectedness with all the other deaths at Deepcut. It was as if we were examining James Collinson's death without a context. In that way, it was totally unsatisfactory in trying to find out conclusively what happened at Deepcut.

There was a lot of new evidence about what happened. We learned more about the culture of the place; we heard allegations of bullying, and of the almost incompetent negligence that led to four teenagers handling lethal weapons, which, it was suggested, ultimately took their lives. We heard more about difficulties in the police investigations, such as the unsatisfactory manner of Surrey police's initial investigations, and the almost negligent way that some of the autopsies were carried out. However, because of the limitations of its terms of reference, the inquiry was just another milestone in respect of Deepcut. It was no more than that; it could not tell us everything.

In common with the inquests into the other deaths, an open verdict was recorded. The jury returned that verdict. Suicide was once again ruled out, and the open verdict suggested that there is still a lot more to learn about the death of James Collinson. Hope was given to all of us who have been campaigning for a full judicial and public inquiry when the coroner, Michael Burgess, suggested that we should have such an inquiry. He gave the strongest possible suggestion that a public inquiry would be not only in the families' interests but in the interests of the Ministry of Defence and the public. It is worth reminding ourselves of what he said:

"the MoD should take whatever steps are necessary to restore public confidence in the recruitment and training of young soldiers whether at Deepcut or elsewhere. I personally believe that they should have nothing to fear from an inquiry held in public ... where the various issues outside the direct causation of the deaths of James and others can be explored in greater depth. I personally believe that they should have nothing to fear from an inquiry held in public ... where the various issues (outside the direct causation of the deaths of James and others) can be explored in greater depth".

I had a little exchange with the Secretary of State about what the coroner meant by those remarks. It is clear to me that he is saying that it would be in the MOD's interests to have a full public inquiry. I know, because it was said to Yvonne Collinson, that that is the coroner's view. It could be supported by Surrey police if officers were asked about a conversation they had at the time of that inquest.

No sooner had the public inquest concluded than we had the Nicholas Blake report. Like everybody else, I believe that Nicholas Blake went about his business assiduously; the report is a diligent, professional piece of work that was robust and extensive. I see the hon. Member for Forest of Dean (Mr. Harper) has a copy of it—all 400 pages of it. Nicholas Blake did his work well. He painted in a few pictures about what happened at Deepcut barracks; the report detailed some of the bullying that took place, and there were serious new allegations about sexual harassment. It told us a lot, but it could not tell us everything. It was like the 17 or so earlier reports in that it went so far into telling us what happened at Deepcut but could not tell us everything.

The Blake report was hampered by the fact that it was entirely voluntary. He could not subpoena anyone to give evidence. There was no opportunity for anybody to cross-examine anything said. There was no jury; there was just Nicholas Blake and whoever he was taking evidence from. In that respect, it was ultimately flawed in its terms of reference and what it could do.

The headline of the Blake report was his conclusion that no public inquiry was required, and his assertion that those young people were bullied to death. However, although he was good at detailing how these young people came to their deaths, he could not satisfactorily explain why they took their lives, and, looking at the evidence, it is hard to decide that.

Meg Hillier: With respect to the hon. Gentleman, from conversations I have had with families, it is clear that sometimes we will never know what happened to their children. That is a hard fact that we may have to face. Does the hon. Gentleman think a public inquiry at this distance in time could achieve all that he is claiming it could achieve?

Pete Wishart: Of course the hon. Lady is right. The Blake report goes so far in revealing what happened, but it could not do everything. However, a public inquiry could. I believe a public inquiry is the best, most effective tool to determine and understand what happened at Deepcut barracks. I hope that the campaign for one continues.

What was most intriguing about the Blake report was the Government's response. As I have said, they have suggested that we move on. I think it was the Minister of State for the Armed Forces, who, surprisingly, is not present today, who said that the families should have no veto on this issue. I think the families are the most important stakeholders, and their views should be paramount in respect of how we take the issue forward. I hope that the Under-Secretary who is present does not share his colleague's view; I would like to hear his view on that.

There were good recommendations in the Blake report, and I heard Blake say in the media that if all his recommendations were not implemented in full, he would back the call for a public inquiry. That is a challenge to Government to make sure that all the important recommendations, including the key one about an ombudsman, are implemented in full.

We would all agree—including the families, the Ministry of Defence and those with an interest in military issues—that we want an end to this affair. I am relatively new to the subject—I took over as Yvonne and Jim Collinson's MP at the last general election, so I have been dealing with the subject for a year—but there will be a stage when we start to put the matter behind us. In response to the hon. Member for Hackney, South and Shoreditch (Meg Hillier), the best way to get a conclusion on the subject would be to have that full, public inquiry. The shadow cast by Deepcut will remain until the matter of the deaths is finally dealt with. The campaign for a full public inquiry is as strong as ever, and the furore surrounding Deepcut will not end until that public inquiry is granted.

3.20 pm

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): Thank you for allowing me to take part in this debate, Mrs. Anderson. I would like to make representations on behalf of Norma Langford, whose son Corporal Ian Holt died in Belize on non-combat duty. She gave evidence on duty of care to the Select Committee on Defence, and I am told by people who were there that she was extremely good and very eloquent. She is a doughty campaigner, and she comes to my surgeries frequently to keep me up to date on what has happened and where the campaign is at. She wrote to me recently to say:

"Many overseas deaths have not been investigated properly; QC Blake's Deepcut Review supports this in paragraph 12.30 where he points out 'Where the Royal Military Police ... has primacy for an investigation, the quality of the investigation may vary according to resources, training and the context of the investigation.'

Many families have records showing the inadequacy of an investigation that has taken place overseas with only SIB/RMP"—

that is, the special investigation branch and the Royal Military Police—

"investigating the death, and even if there have been civilian police involved families do not have access to their records.

These families feel their only hope of having the deaths investigated adequately and learning the true facts of how their family member died is to have a public inquiry."

Although she says "public inquiry", I am aware that she would be happy with what could be described as a thorough investigation. She ends:

"These soldiers served their country at home and abroad, my son served nine years with the Royal Electrical and Mechanical Engineers. Surely it is time for the Ministry of Defence to grace their deaths with a full and thorough investigation."

Mr. Kevan Jones: Does my hon. Friend agree that one of the issues raised by Mrs. Langford and others is the fact that families are not allowed to attend Army inquests? That leads to the idea that there is something to cover up. My hon. Friend may like to know that the Select Committee on the Armed Forces Bill recommends that the family be allowed to attend as a matter of course. Does he think that that would help, at least in allowing people to get the facts at an early stage?

Jim Dobbin: Yes, I entirely agree, because many people concerned feel that things have been covered up. More openness and transparency in the system would go a long way towards convincing them that everybody was doing their bit.

My question on behalf of Norma is as follows: the Minister has stated that there will not be a public inquiry into non-combat deaths, so will the Ministry of Defence afford new investigations to families that have not had an adequate investigation, or perhaps an independent review into the deaths of their loved ones? The Select Committee on the Armed Forces Bill, of which my hon. Friend the Member for North Durham (Mr. Jones) is a member, suggested an independent commissioner, and that is probably the way ahead.

3.24 pm

Willie Rennie (Dunfermline and West Fife) (LD): Thank you for allowing me to contribute to this debate, Mrs. Anderson. I congratulate the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) on securing it, and on the way in which she presented her case. It has been a thoughtful and interesting debate.

Families put their trust in the Army to care for their children, and, as we know, in many cases soldiers are children. Many are plucked straight from school, from which they could return to the comfort of their homes every night. The change is a shock in itself. The new regime can be trying to even the most hardened. We all appreciate that serving in our armed forces is no picnic. Preparing for the brutalities of war requires endeavour, grit and talent. Young men and women return from the Army, having left only a few months earlier as boys and girls.

According to Amnesty International, between 1990 and 2003 some 1,748 members of the UK armed forces lost their lives through non-natural causes in or around barracks. Of those, 200 deaths were self-inflicted. Between 1984 and 2005, some 638 suicides occurred amongst members of the UK regular armed forces. Overall, the male suicide rates in the UK armed forces were statistically lower than in the general UK population. The exception was among Army males aged under 20, who had an increased risk of about 50 per cent.

Often, we can only speculate on the reasons for each of those deaths, but perhaps there are a few indicators. Last year's Army continuous attitude survey found that two out of three soldiers do not feel valued by the Army, and one in four say that their morale is low or very low. Over half of all soldiers are not satisfied with their accommodation, and 44 per cent. say that Army life is worse or much worse than they expected. A staggering 8 per cent. of soldiers say that they have been bullied in the past 12 months. That equates to more than 7,000 personnel. Crucially, of those soldiers who complained about unfair treatment, discrimination, harassment or bullying in the past 12 months, 77 per cent. were not satisfied with how the complaint was handled.

The deaths at Deepcut have sent shockwaves throughout the armed forces, the Ministry of Defence, the Government and indeed this House. As we know,

[Willie Rennie]

the Blake report made 34 important recommendations and suggested that there were systemic failings. I will list five of those failings: there was poor appreciation of the needs of recruits under the age of 18; there were poor supervision levels, often as low as 1:60; there was bullying; there were high levels of dissatisfaction and extremely low morale; and, finally, there were poor grievance procedures.

So what should our response be? The Liberal Democrats have welcomed the Blake report and call for full and rapid implementation of its recommendations. There are 34 serious recommendations that require a serious and prompt response. When will we hear a full report in response? I was pleased to read that Lord Drayson has given a commitment to reporting back quickly. He said that would happen "within months". Well, one of those months has already passed. I would welcome an indication of how that consideration is progressing, and roughly when we can expect a full response.

The Liberal Democrats agree that a public inquiry is not necessary provided that the families have access to all the reports and evidence. In recommendation 3, Blake examines whether it is right for the UK to be one of the few countries that recruits child soldiers—that is, those under 18. We have had international criticism for that policy. The review says that recruiting needs are not a satisfactory justification, but goes on to say that the policy is justified given the inadequacies of education and training in the UK's civilian system. The report says that although the education benefits outweigh the downside of having child soldiers, a number of special safeguards are required. The first is the separation of 16 year-olds; the second is a right to resign for those still in training, even those who have passed their 18th birthday; the third and most important is that no posting to the field Army should occur before the age of 18. Do the Government intend to implement those immediately?

Mr. Kevan Jones: I have listened carefully to the hon. Gentleman saying what the Liberal Democrats want to put forward, but there were two occasions on which they could have influenced the matter. First, when the Select Committee put together its report, the Liberal Democrat Member very rarely attended. The second and most recent occasion was when we considered the Armed Forces Bill. The Liberal Democrat Front Bencher rarely attended that, too, and did not put forward any recommendations, but the hon. Gentleman is now saying what the Government should do. Will he tell me why they missed those opportunities?

Willie Rennie: I appreciate that we have made errors in this regard, but we are confident that they will not happen again. I cannot explain what happened on those occasions, but we understand that we have made errors. However, we must not get away from the point.

We must improve living conditions for soldiers by providing better accommodation, washing facilities and so on. Will the poor-quality accommodation, identified as a factor, be upgraded?

Mr. Eric Joyce (Falkirk) (Lab): Does the hon. Gentleman agree that when we quote statistics we have to be careful to reflect the trend? The trend of Army soldier satisfaction with accommodation is most definitely one of improvement; there is much higher satisfaction now than there was in 1997, when this Government took over.

Willie Rennie: I am sure that the trend is going in the right direction, but we cannot get away from the fact that just last year, the survey found that soldiers were dissatisfied with their accommodation. Any improvement from a low threshold does not change the fact that one started with a low threshold, and we are required to take action.

Mrs. Humble: Before the hon. Gentleman moves on from accommodation, was he as shocked as I was to read what was said in the Blake report about the way in which the male and female accommodation was not segregated, which led to some more-than-unfortunate incidents? Does he agree that when considering accommodation, we have to consider the safety and security of new female recruits to the Army?

Willie Rennie: I agree. That finding of the report is completely unsatisfactory and action is required in that area.

Liberal Democrats also want to improve supervision levels so that vulnerable young people can be monitored and supported effectively. We support the setting up of an independent complaints commission for the armed forces. Recommendation 26 calls for the establishment of a commissioner of military complaints—an armed forces ombudsman for all the armed forces, not just for trainees.

The Armed Forces Bill has a watered-down proposal for an independent element in redress procedures. The Blake review has a much more useful recommendation, which would address growing concern among the armed forces that their views on their conditions are just ignored. I suggest to the Minister that this is the opportunity to take an imaginative approach. Will he undertake to implement recommendation 24, which states that the Royal Military Police should be brought formally under Her Majesty's inspectorate of constabulary?

Will measures to vet and train instructors be implemented, for the protection of young people? A number of important recommendations could be implemented by the Ministry of Defence now, and we are pressing for early implementation. If the recommendations of the report are fully implemented, closure may be achieved. If any good is to come from the terrible, tragic events at Deepcut, the MOD needs either to respond and transfer all resources necessary to make its under-18 training regime safe, or to consider whether it can continue to recruit such young people into the Army.

3.33 pm

Mr. Mark Harper (Forest of Dean) (Con): This is the first time I have had the pleasure of serving under your chairmanship, Mrs. Anderson. I pay tribute to the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) on securing the debate and on the work she does as chairman of the all-party group, the work of which I know hon. Members support.

The hon. Lady and others have understandably focused on the investigation stage of the process and what has happened since the deaths, but I shall focus on some issues raised in the Blake review, which others have mentioned, concerning events leading up to the deaths. In other words, what could the Ministry of Defence do better to avoid deaths in the first place, thus avoiding going through the investigation process?

As many hon. Members have done, I pay tribute on behalf of the Opposition to all members of our armed forces who serve their country with distinction, and to their families, who provide a great deal of support for that service. In return, we owe them a thorough debate and a thorough consideration of the Blake recommendations to ensure that they have the very best possible conditions of service.

It is worth saying that the Ministry of Defence and the armed forces face a considerable challenge. As has been said, the armed forces recruit people who are sometimes from very challenging backgrounds, many of whom are under 18, and the forces have to turn them into professional soldiers. That requires a robust training regime. A regime that was not robust would not do proper service to those young people because it would subject them to difficult and challenging conditions without the proper training and without equipping them to deal with what are often life-threatening situations. A difficult balance must be undertaken. There must be a tough and robust training regime to ensure that those young people are ready for combat, but we must also ensure that the duty of care is properly fulfilled. The hon. Member for North Durham (Mr. Jones) drew attention to the thorough report that the Select Committee on Defence produced on the duty of care, which thoroughly considered these issues.

The Opposition support the continuation of recruitment of those who are under 18: they make a tremendous contribution to the armed forces. The Blake report said that a number of things could be done prior to recruitment as part of the recruitment process, and I should be interested to hear the Minister's comments. In at least two of the Deepcut cases, there was a known—though not known to the Army—history of self-harm. Will the Minister comment on what progress has been made on improving the knowledge that the Army has of the medical histories of recruits? To what extent can that knowledge be better taken into account when people are recruited, either to make appropriate decisions about recruitment, or, just as importantly, if recruits are at risk and are still thought right for the armed forces, to ensure that they are given appropriate care during their training and service?

Lembit Öpik: I understand the hon. Gentleman's point, but does he accept that self-harm is quite prevalent among young people in this country? The issue for those of us who have campaigned about the Deepcut Army barracks does not relate to the individual problems of a particular recruit, but to the fact that there still seems to be secrecy surrounding the facts relating to the four deaths that took place there. In our judgment at least, a degree of cover-up of the facts is still involved.

Mr. Harper: I thank the hon. Gentleman for his intervention. I shall come in a few moments to some of the points about the family's view of the investigations.

The other element of the training and supervisory regime to which attention has been drawn was the proper ratio between trainees and those in charge of their supervision. Blake notes that that ratio was at times only 1:60. In 2004, the then Secretary of State for Defence said that a target of 1:38 was being achieved. It would be helpful if the Minister told us whether that ratio is being achieved. Is it being achieved at all locations, through the day and night? If we have not yet achieved it, what progress is being made towards attaining it?

Regarding the investigations, however well we improve and implement recruitment and training, and whatever the level of supervision, it is inevitable that there will be deaths in Army barracks in future. Some will be accidental and some will not. When they occur, we need to ensure that the right processes are in place, so that families feel that their concerns are being addressed and the investigatory process is as open as possible.

Comments have been made about who has primacy in an investigation. Blake drew attention to that, and a protocol was signed on 7 November that made the position clear. However, given that there were already protocols in place that did not seem to be well understood by at least some police forces, it would be helpful to know what follow-up work is taking place to ensure that the protocol of 7 November is well understood in the armed forces and constabularies throughout the country. We must ensure that such information is properly communicated and well understood. If any such tragedies occur in future, that protocol should be in place right from the beginning.

During any future investigation, the most important thing will be that families are kept fully informed and there must be transparency and openness. If that does not take place from the beginning and is neglected, as it was at Deepcut, families will suspect that there is something they are not being told and that there is a cover-up. I suspect that once they have that impression, nothing that can be done in the case of their loved ones can ever completely remove that sense of suspicion. I suspect that that is the situation now. I am not sure that anything can be done to satisfy completely the families of the four soldiers who lost their lives at Deepcut—a point to which one or two Members have alluded.

In his statement about the Deepcut review, the Minister of State for the Armed Forces said that the Armed Forces Bill would provide the opportunity to implement a number of those changes.

Lembit Öpik: Will the hon. Gentleman give way?

Mr. Harper: I am reluctant to give way, because I want to give time to the Minister to answer all queries, if the hon. Gentleman will forgive me.

In the other place on 19 April, Lord Drayson made a specific commitment. He said that the Government expected to be able to respond to all the recommendations from the Blake report within two months. As the hon. Member for Dunfermline and West Fife (Willie Rennie) said, we are halfway through that process. It would be helpful if the Minister did not go through each recommendation in detail but gave us some idea about the progress that the Ministry of

[Mr. Harper]

Defence has made and about whether we are on track to hear its full response to those 34 recommendations, as Lord Drayson said, by the end of May.

The Armed Forces Bill is a vehicle to implement some of those changes. I understand that it will be back before the House in the week commencing 22 May, which is only a couple of weeks away. That does not give the Ministry of Defence very long to publish any amendments to the legislation, so that Members may have a proper opportunity to study them. I should be grateful if the Minister outlined the Ministry of Defence's thinking about whether it will hit that timetable, and when in good time it intends to publish any amendments, so that the debate can take place.

One thing that came out of studying the documents was that there has been a significant number of reports and investigations. A number of Members have today repeated the call for a public inquiry, and it is worth restating the Opposition's position, which my hon. Friend the Member for Woodspring (Dr. Fox) laid out in response to the statement from the Minister of State.

There are those who believe that a public inquiry is essential for restoring public confidence in the Army. I do not think that there is a general lack of confidence in the British Army. There may be specific anxieties, but I do not believe that a public inquiry would deal with them, nor, in particular, with some of the media reporting that would inevitably attend it. An inquiry would be a vehicle for ill-informed speculation that could make the situation worse. Given that some of the investigations were poorly handled in the first place, and given the suspicion at the beginning of the process, from the families' point of view, they may always quite understandably have a nagging suspicion that there is something that they have not been told. I am not convinced that a public inquiry would address that issue.

Mrs. Humble: Will the hon. Gentleman give way?

Mr. Harper: If the hon. Lady will forgive me, I shall not, in order to allow the Minister time to respond.

The Blake report into Deepcut should not be the end of the process. The end should be the Government's thorough implementation of the appropriate recommendations. A constant theme throughout the process has been the significant number of reports, and the Surrey police report stated that

"the army has consistently identified issues of concern, but practical implementation of risk reduction measures has often not followed."

The finest tribute we can pay to those who have died is to ensure that the correct measures are put in place and action taken. We need to put in place systems that will address those problems, so that we never again have to debate the deaths of some very fine young people within our Army training establishments.

3.44 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Don Touhig): I congratulate my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) on securing this timely debate. She has been hard-working and assiduous in these matters for several years. I can testify that she has been hard-working and diligent from the number of questions that she has put to me. The whole House owes her a debt for the work that she has done. I acknowledge the many contributions that have been made during this important and wide-ranging debate and shall do my best to respond to as many as I can.

I extend my sincere condolences to the families who have mourned that untimely loss of loved ones. I am sure that the expressions made by colleagues this afternoon underpin that. As I have emphasised to the House on many occasions, we take seriously our responsibility to ensure the well-being and safety of all our personnel. Each and every death is a tragedy in its own right. We must ensure that we learn the lessons from those tragic cases and do everything we can to ensure that such incidents do not happen again.

There are approximately 190,000 people in our armed forces. Almost 102,000 are regular and full-time reserve members of the Army. Last year, almost 8,000 recruits passed through training to join the field Army. The vast majority will go on to enjoy rewarding and challenging careers in our services. They will eventually leave the Army equipped with a range of skills and experiences often far beyond their expectations when they signed up.

The Army is extraordinarily successful at taking young people from all walks of life and backgrounds and quickly turning them into soldiers, positive role models and good citizens. The high-quality training that those young men and women receive delivers outstanding results, from war fighting, through peace-support and counter-terrorist operations, to a range of roles supporting the UK civilian community.

That training bears fruit time and again in theatres of operation throughout a turbulent world: Iraq, Afghanistan, Sierra Leone and the Balkans are all recent examples. But we must not and cannot be complacent. Many comments in today's discussion have focused on the review conducted by Nicholas Blake QC, which considered the circumstances surrounding the deaths of four young soldiers at Deepcut. The report concluded that although the Army did not cause any of the deaths, there were worrying failures to identify and address sources of risk. Importantly, Mr. Blake concluded that there was no evidence to suggest that bullying caused the deaths of those reviewed. However, he raised some important questions about the nature of the training environment at that time.

We take those findings seriously. My right hon. Friend the Minister of State for the armed forces, who is, incidentally, in the Falkland Islands, made clear our response in his statement to the House on 29 March. We are committed to a process of continuous improvement. The Deepcut review will add momentum to our programme of change. We fully acknowledge the weaknesses that the report identified, and appreciate the urgency required in putting them right.

Several hon. Members have raised the need for a public inquiry into the deaths at Deepcut. The Deepcut review concluded that on the basis of current evidence, a public inquiry is not necessary. We share that view and, given the extensive investigations that have taken place, agree with the conclusion that nothing would be gained from a public inquiry. Considering the Deepcut review

as a whole, the important thing is to learn the lessons, to continue to move forward and to provide the best possible welfare support for our young trainees.

Nicholas Blake's report raised the issue of a military complaints commissioner, and it has been referred to today. We have been considering for some time how we can best ensure that our personnel have the confidence to raise a grievance and the assurance that their grievance will be dealt with quickly, effectively and fairly. Our underlying aim is for a complaints system that is right for the way in which our armed forces operate. The system must be fair, transparent, effective and prompt. It must more than anything be a system in which all service personnel have complete confidence. I am sure that everyone present shares that view.

To that end, in the Committee on the Armed Forces Bill we proposed improvements to our complaints system. I have no doubt that we will return to them on Report and Third Reading later this month. We are considering in detail Mr. Blake's recommendations about the complaints process. His proposal to establish a commissioner of military complaints will be rightly and properly considered under the auspices of the Bill. If colleagues will forgive me, I do not want to go any further down that track, because we will come to it on Report and Third Reading.

I turn to the matter of family attendance at boards of inquiry, which currently are not open to members of the public or press, or to family members unless they are called as witnesses. As I said in Committee, there are two main reasons why families are not usually allowed to attend service inquiries. The first is that we think that having members of the public and family members at inquiries could inhibit witnesses from giving full and frank evidence. The second is that boards of inquiry could convene and adjourn several times over a number of months, possibly in different parts of the world. Ultimately, our concern is that the attendance of families at inquiries might prevent boards of inquiry from achieving their primary aims, which are to learn lessons and prevent similar incidents.

I reiterate a point that I made in Committee: a board of inquiry is not an inquest and cannot serve the same purpose as an inquest. Mr. Blake made specific recommendations concerning boards of inquiry, which we will examine carefully. I assure the House that we are considering in detail all the recommendations in the review, some of which are challenging and require significant consideration. As that work is ongoing, colleagues will understand that there is a limit to what I can say until we have carefully considered the review in its entirety. However, I am determined to see how Mr. Blake's recommendations can best be implemented without reducing the effectiveness of our necessarily robust and challenging military training environment. As soon as we are in a position to do so, we will publish in full our formal response to the Deepcut review.

Mr. Harper: Lord Drayson gave a commitment regarding the timetable of that response being within two months of Mr. Blake's inquiry being published. Is that still the Ministry of Defence's intention?

Mr. Touhig: That is certainly our ambition. The Armed Forces Bill is returning to the House and if there are to be any amendments, we need to deal with them as soon as possible. That is what we are currently working to.

Recently, a number of hon. Members have raised concerns about bullying and harassment in the Army, particularly regarding the troubling perception that there is a possible link between bullying and the number of non-combat deaths in the armed forces. Incidents of bullying, harassment and other inappropriate behaviour exist in society as a whole and can never be completely eliminated, but it is essential that we should do all we can to establish an environment in which they are deemed absolutely unacceptable.

Bullying is insidious, corrosive and totally against the principle of self-discipline and the concept of teamwork at the core of our armed forces. Soldiers are often asked to operate in a harsh environment, and training has to prepare them for that, but there is a distinct, although sometimes fine, line between a robust approach to training and to discipline and bullying. No one should be in any doubt which side of the line we expect our soldiers to tread. At every stage of their training and careers it is made clear to them all that bullying and harassment, in any form, are not tolerated. All recruits and trainees are offered clear guidance on the relevant processes so that any allegations of such unacceptable conduct can be investigated thoroughly and dealt with appropriately.

It is a sad and unfortunate fact in our armed forces, and in our wider society, that they will never be able to eradicate the tragic incidence of suicide. We can, however, by careful management, pragmatic policies, better understanding, and improved knowledge and education reduce the risks. The Army has updated its guidance and procedures on the prevention and management of suicide and self-harm. An Army suicide vulnerability risk management policy has also recently been introduced. It provides detailed and mandatory guidance to those in the chain of command about how to identify those at risk and how to manage and care for them proactively.

Work on suicide risk management is continuing on a tri-service basis in relation to prevention, screening, reporting, data collection, training and education. In the past 18 months, multi-disciplinary service and civilian groups have been set up to promote good practice and mental well-being across the armed forces. We are continually working to improve the support available to individuals, especially through accessible, professional welfare services operating to common defence standards.

More generally, we are committed to the well-being and safety of all our personnel. That is a fundamental responsibility for individuals throughout the chain of command from the moment they join the armed forces. In the early days of an individual's career, we recognise the vital role of our instructors at service training establishments. We already have work in hand to improve the training provided to them through the development of the "train the trainer" programme.

Support to personnel is provided in the first instance by the military staff of the recruits' training teams. In addition, every unit has a comprehensive welfare system which is widely publicised. There is a network of agencies including chaplains, WRVS volunteers, and

[Mr. Touhig]

unit welfare officers. Personnel also have access to single service confidential helplines and the Samaritans helpline, so a range of measures are in place.

I shall address some of the points raised by my colleagues. I pay tribute to my hon. Friend the Member for Blackpool, North and Fleetwood, who initiated the debate, and tell her that we continue to improve our complaints procedure, which we will make more robust. She was, perhaps, a little unfair to the Royal Military Police, who execute their duties professionally. No system is perfect, and there are glitches and difficulties from time to time, but on the whole they do a good job.

I will study points one to five that my hon. Friend made and, if it helps, will willingly invite her to meet me and discuss them in detail. Perhaps we can work together to take forward her hopes and aspirations in relation to this matter.

My hon. Friend also asked about the Safeguarding Vulnerable Groups Bill. I have written to my hon. Friend the Secretary of State for Education and Skills indicating that we completely support the Bill. When it is enacted, it will help us with our military training.

The hon. Member for Montgomeryshire (Lembit Öpik) spoke passionately about the families whom he has been supporting. I do not think that we have ever said that there is closure on this matter. We will respond to Blake, and judgments will have to be made on whether anything further can or should be done.

I pay tribute to the important comments made by my hon. Friend the Member for North Durham (Mr. Jones). He also made some excellent comments in our debates on the Armed Forces Bill, and we have benefited from his help and advice.

The hon. Member for Perth and North Perthshire (Pete Wishart) raised some issues. I certainly understand the Collinson family's desire for closure. However, as my hon. Friend the Member for Hackney, South and Shoreditch (Meg Hillier) said, even a public inquiry might not tell people exactly how their children died. If it were in my power to do that, I would, but I am not certain that it is achievable.

I recently wrote to my hon. Friend the Member for Heywood and Middleton (Jim Dobbin) and followed up my correspondence yesterday in further discussions with him.

The hon. Member for Forest of Dean (Mr. Harper) raised a number of points on behalf of the Opposition, to which I shall respond in writing if he will permit me, as I need to study some of them further. I certainly hope that we can complete our deliberations as far as Blake is concerned. If we do not manage to table amendments before the Bill is reported on 22 May, we will do so in the other place and bring the Bill back in the normal way.

We at the Ministry of Defence are not simply Ministers, officials, and members of the armed forces. We are also fathers, mothers, and people with families. We intuitively understand how important it is that young people are looked after and valued, and we feel passionately about the care that we provide to them. We are acutely aware of the sensitivity of the issues raised today and of the need for us urgently to address areas of weakness.

We deeply regret the death of anyone in our charge. Each family has suffered a great loss and understandably still carries a burden. No matter what is said today by me or anyone else in this House, those families will continue to have that pain and suffering for the rest of their lives. I fear that there is nothing we can do to mitigate that. I certainly share with them in that respect. I know that there is nothing that we can do to restore their loved ones to them, but we can continue to improve how we care for those who are in our charge.

I have on my desk a mission statement, which simply says: "We value our servicemen and women and their families and will do everything in our power to demonstrate that." It is the first thing that I see every morning when I walk into my office. That is why I am a Minister, and why I want to do something about the issues raised here today. Working in partnership, my colleagues and I can do something to try to ensure that the tragedies that we have talked about today—whatever their causes—may not be repeated.

Advice/Legal Services (Hull)

4 pm

Ms Diana R. Johnson (Kingston upon Hull, North) (Lab): I have a cold and hay fever, so I apologise for my voice, Mrs. Anderson.

I am pleased to have secured this debate, and I am very pleased indeed that my right hon. and learned Friend the Minister will respond on behalf of the Government, as I know that she has a personal commitment to good legal advice services across the whole of the United Kingdom. Before I entered the House of Commons, I worked in a law centre for many years and in the field of social welfare law. I believe that my right hon. and learned Friend worked in a law centre in north London a few years ago, so perhaps she will be able to identify with some of the comments that I shall make about law centres.

I believe that all Members agree that access to good quality advice and legal representation when people need it is vital. I want to use my time this afternoon to say a little about the community legal service, which has been an enormous success overall and a real tribute to the Government's commitment to legal advice in this country. I also want to say something about the particular circumstances of Hull and, finally, the specific problems in respect of legal representation in Hull.

The Access to Justice Act 1999 set up the Legal Services Commission and, out of that, the community legal service, which is a flagship policy for the Labour Government. It is absolutely right that the aims and objectives of the community legal service are at the centre of the Legal Services Commission. The community legal service is the framework for a comprehensive local network of good quality legal and advice services that are supported by co-ordinated funding and based on the needs of local people. By working together, the Legal Services Commission, local authorities and other agencies and funders can make the most effective use of resources, which we all know are limited, to fund services that really meet the needs of local communities, be it through private practice solicitors, advice agencies or law centres.

The regional Legal Services Commission spent a great deal of time planning and mapping services in the different areas of the country to identify what already existed and what needed to be put in place, and I fully support the work that it did. I was still working as a lawyer in Paddington when the regional Legal Services Commission identified the needs in west London, and it was a breath of fresh air to sit down with other agencies to look at the services that were being provided and where the gaps were.

Having discussed the importance of the community legal service and recognised its potential, I want to say something about Hull, which is a city that is often overlooked. It has high levels of deprivation—it is ninth in the deprivation statistics for 354 local authority areas and districts—and there is poor health, low educational achievement and a low skill base in the general population. To add to its problems, it is geographically tucked away in a corner of east Yorkshire. It is about 60 miles to Leeds and about an hour on the train to Doncaster, so people in Hull generally want to access services in Hull. They do not want to have to travel for an hour or more. It is worth saying that Hull has one of the lowest car ownership rates in the country, so public transport is another key issue. Until recently, it was not as good as it could have been.

Hull is obviously a city that is ripe for good, co-ordinated advice services and representation. It has always had a good, vibrant network of voluntary and community sector advice agencies. It has an excellent citizens advice bureau, and Age Concern offers advice to older people. Mind is very active, and Choices and Rights gives advice to people with disabilities and champions getting rid of barriers that they encounter.

For 15 years, Hull also had the Humberside law centre. Unfortunately, it closed just before I became a Member of Parliament, but I know about it from its reputation when I worked in law centres. I remember reading about a solicitor called Humphrey Forrest, which I thought was a striking name, who worked at the Humberside law centre. He took a case in the 1990s for trawlermen who were put out of work but received no compensation when the fishing industry in Hull collapsed. Normally, if a business collapses, people are entitled to redundancy and various other payments, but those people had received nothing. Humphrey took the case for a large group of trawlermen in Hull and succeeded in making legal history by getting redundancy payments for them. Humberside law centre had a good reputation in employment law.

The centre also offered free advice and representation for disadvantaged groups in the city. It provided immigration advice and representation at tribunals, and, as I mentioned, advice on employment issues and representation at employment tribunals. Finally, it offered specialist telephone advice to agencies in Hull that dealt with people on a day-to-day basis. If they were not quite sure about the legal ramifications of someone's problem, they could contact the law centre. Overall, Humberside law centre performed a worthwhile function in the city.

The centre was called Humberside law centre, not Hull law centre. It was funded by Hull city council, which has always taken a progressive approach to legal services and recognised the need to invest in advice services to get around some of the problems of social exclusion. The centre was also funded by North East Lincolnshire council, North Lincolnshire council and the East Riding of Yorkshire council. For whatever reason, the three country councils decided to withdraw funding. That left only the money from Hull city council, which was not enough to sustain the law centre. Unfortunately, it closed in 2005, and the city lost experts in social welfare law.

I mentioned Humphrey's landmark case, but the law centre also had a reputation for dealing with disability discrimination cases. One case struck me, as a dog lover, as important. A woman in Hull who was hearing-impaired had a hearing dog. She was turned away from restaurants and cafes when she took her dog with her. Most restaurants and cafes now would recognise a guide dog and allow it to enter, but a hearing dog was a new thing then, and people were not aware of or did not understand the services that it provided to the owner. The law centre was able to help that person achieve recognition of the disability rights of hearing-impaired people in that city.

[Ms Diana R. Johnson]

I became an MP in 2005, and, because I had an interest in advice services I spoke to many groups in Hull who were offering advice to my constituents. At the basic level—I believe it is called level 1—the general signposting and advice services that are available in the city are good, but many organisations told me that there were few places in the city to refer constituents who had more complicated legal problems or complex issues on which they needed advice. I want to comment on a few of the areas where there are problems.

The first area, as I believe many MPs will recognise, is immigration advice. At present there are no solicitors offering immigration advice in Hull, so constituents who want advice have to go to Doncaster, or sometimes London or Leeds. I understand that the Legal Services Commission has now entered into a contract with a firm of solicitors in Doncaster, but as I said at the outset, Doncaster is 60 miles away. I have been told that people often do not receive their travel expenses when they travel to Doncaster. Often, those people do not have a penny to their name. There may be some confusion around solicitors and disbursements. I understand that money is available to allow clients to travel to obtain advice, but my constituents are not receiving that advice or having their travel expenses repaid.

We have an excellent project in Hull—the Leo Schultz project—but it cannot provide the legal representation work that is so badly needed. Its funding is under pressure because it receives funding from the Big Lottery Fund and the council, but the funding from the Big Lottery Fund depends on council funding, which is guaranteed only to November. So potentially, Hull is in a real mess with immigration advice and I think we all know that decent, good immigration advice for asylum seekers and overstayers is vital to the health of the local community; so immigration is a real problem.

Employment is the other issue that I want to focus on. Only one private firm of solicitors in the community legal service directory in Hull offers employment advice and assistance at tribunals. That firm, Myer Wolff and Manley, said that it was exceptionally busy and might take on race, sex and disability discrimination cases if it had a solicitor available, but there is no other provision through the community legal service or any other advice body. The only other place where advice can be obtained is the citizens advice bureau. When the law centre closed, money was put aside for the citizens advice bureau to develop expertise in representation, but to date that has not happened.

Immigration and employment representation are two key areas that have been identified in the community legal service plan as priority areas in Hull, but at the moment they are not at the level they should be. On employment particularly, the Government have introduced a great deal of new legislation to give employees rights in the workplace and we need to ensure that those employees can enforce those rights when they need to.

No advice on community care is available in the city at the moment. Age Concern flagged that up to me as a matter of concern, especially for older people with mental health problems.

Education law is a Cinderella service. There are not many practitioners in education law but parents, particularly those with disabled children, often want good legal advice on the special educational needs options open to them and on what their children can expect.

The situation with housing is better. We have the independent housing advice centre in Hull, which is excellent and offers representation work. However, again, it tells me that it misses the law centre and the back-up that it could have provided.

In 2000, the Consumers Association said that in terms of who provides quality advice—local and specialist community advice services—law centres were considered the best. I know that Humberside law centre, despite having funding problems, as most law centres do at some stage, was quality assured. It had specialists in social welfare law. It also operated a second-tier referral approach to agencies, providing them with access to specialist help. It operated training courses for groups and organisations in the city and, importantly, it operated an educational policy to try to encourage and educate people about their rights.

I wanted to have this debate today because I feel that we are missing a trick on representation work. I know that the community legal service has recently identified a strategy called "making legal rights a reality" and I believe that it is looking at community legal advice centres in urban areas which will have match funding with local authorities. I welcome that because it may be a positive way forward. However, we had a very good law centre in Hull for many years and I believe that we need something similar to carry on the work that it started and to allow my constituents to have the level of legal advice and representation that they deserve. Just because they are tucked away in a far corner of east Yorkshire does not mean that they should not have the best legal advice and legal representation that they can get. The lawyers who devote their careers to law centre work can provide that very special, holistic approach to dealing with some of the most disadvantaged people in our society and ensuring that they are able to enforce their legal rights. Sometimes they do not even know that they have a legal remedy. That is why I wanted this debate today.

4.15 pm

The Minister of State, Department for Constitutional Affairs (Ms Harriet Harman): I thank my hon. Friend the Member for Kingston upon Hull, North (Ms Johnson) for choosing this subject for debate today and for bringing the far corners of the city of Hull and the needs and interests of its constituents to us here in the House of Commons. She has been a breath of fresh air for her constituency and the House since her election. I have had the opportunity of being on a Standing Committee with her. It is nothing but good news that Hull has her as a Member of Parliament to bring to us and to life the issues of concern to her constituents, as she has done today.

We all readily recognise a number of the things she said, particularly that there is something to be said for a law centre being based in and part of a community so that it can look around for the issues and understand the community to which it is trying to provide legal services.

Humphrey Forest identified the general problem of redundancy among people who had been working in the fishing industry and sought a legal remedy for them when they might not have thought that they had any legal rights. That is telling and thought-provoking.

I agree that it is unfortunate that the law centre was closed. Sometimes, adding together the individual bits of advice given, enumerating the number of cases taken on and looking at the categories they are in does not explain the whole story, and my hon. Friend has told the whole story today. I will ensure that the Legal Services Commission considers her points and responds to them fully.

My hon. Friend is right in saying that we have brought in new rights, such as the right to a minimum wage—I expect that that is important in her constituency—the right for people to request flexible working hours if they have young children, and rights for people with disabilities. However, as she said, if those rights cannot be enforced, they are worthless. They may make us feel good because we introduced them in legislation, but if they are not translated into reality they are meaningless. Her point about ensuring that her constituents, who perhaps need representation but cannot afford to pay for it or who, without an educational approach, may not realise that they have those rights, is important. I want to pass on, through her, my recognition and acknowledgement of the important work done by the community organisations that she mentioned, such as the citizens advice bureau among others.

We in the Department for Constitutional Affairs are committed to ensuring that high-quality legal advice services are available to those who need them but cannot afford them. Those services must be readily accessible at local level.

My hon. Friend made a point about the immigration contract being given to a firm of solicitors in Doncaster, which is 60 miles from Hull and might as well be at the other end of the country for those who do not have a car, if the disbursement policy is not properly applied. I shall ensure that the disbursement issue is looked into; otherwise, the service might as well not be there. I will get the Legal Services Commission to look into the accessibility of the immigration contract and its local impact and to report back to me. I will then write to my hon. Friend.

I agree with the thrust of my hon. Friend's comments that, as the service is 60 miles away, it must be better than good in its outreach because it is not in the community. It can respond but it cannot proact. The question is how those outside services are embedded in local community organisations. I know that they work with the Leo Schultz project, which she mentioned. She also mentioned concerns about its sustainability. The organisations also work with the CAB. The question is how embedded and localised services are. I will look into that and get back to her.

The Legal Services Commission has made considerable efforts to alleviate the effect of the closure of the law centre in 2005. Since then, it has let new contracts to cover the categories of law with which the law centre previously dealt. The point about a law centre is that it does not have to go for a contract; it just does the job as it is needed. That work is broader than contracts. However, the contracts that have been let include those on debt, welfare benefits and immigration, which I have mentioned.

As a result of issuing new contracts to legal services providers such as Hull CAB, the number of acts of assistance to people seeking legal advice has increased by about 10 per cent. Despite the fact that the law centre is no longer there, the number of items of advice has increased. New matter starts for specialist legal advice have increased by about 10 per cent., which equates to about 4,500 new cases starting in 2005–06, compared with 4,000 in the previous year. Owing to the allocation of a new contract to Hull CAB in respect of debt, the number of matters dealt with in that category has increased significantly, from just three in 2004–05 to 119 in 2005–06. Early this year, a new immigration contract was let, and 70 cases have been taken on in Hull, but I will examine how those cases were dealt with and where they come from, and we will address those points.

Legal Services Commission initiatives such as the housing possession court duty scheme and Community Legal Service Direct have continued to play a role in ensuring that my hon. Friend's constituents have access to the advice that they need. I recognise her point about the housing advice centre. Between April and December, about 200 people from Hull contacted CLS Direct for help with such matters as debt, employment and welfare benefits. Hull's housing possession court duty scheme helped about 40 people a month during 2005–06. In many instances, that advice helped to prevent people from losing their home.

The Legal Services Commission and the Department for Constitutional Affairs are committed to ensuring that there is adequate provision of good legal and advice services and legal aid in Hull, and that those services are accessible to my hon. Friend's constituents. Through the recently published community legal service strategy, the commission will aim to deliver a service resolutely focused on the needs of her constituents. Services will be developed and located in accordance with local need. Priorities will be agreed locally, with the aim of targeting those who are most in need, who are often the hardest to reach. That will be the thrust of the idea of community legal advice centres and networks.

Over the next few months, the Legal Services Commission will work with the relevant local authorities and with my hon. Friend in establishing the way forward for Hull. She obviously has considerable expertise in these matters, as well as a commitment to her constituents, so I will ensure that the commission draws on her involvement with local people. She will see problems coming before they occur and, on the basis of the expertise that she has developed, given her background of working in law centres and in the advice services movement generally, she will be able to help the commission to shape services.

I am well aware that there have been concerns about provision of social welfare advice in Hull. However, the Legal Services Commission is trying to take a responsible and effective approach in addressing those concerns and it hopes that, despite the closure of Humberside law centre, it has made real progress in ensuring that the supply is able to meet demand. With the measures set out in the community legal service strategy, the Legal Services Commission will continue to work with everyone locally to try to improve the

[Ms Harriet Harman]

situation and to focus resources on delivering advice in a way that works through and with local organisations for the most disadvantaged and vulnerable people in my hon. Friend's community.

My hon. Friend raised a number of points. We are not happy about a situation in which people have rights but there is unmet need, and we certainly do not want things to slip backwards rather than going forward. Therefore, we will work with her to ensure that the Legal Services Commission works with her and the local authorities so that her constituents have access to high-quality legal advice and assistance.

4.25 pm

Sitting suspended.

Hamas and Israel

4.30 pm

Mr. Philip Hollobone (Kettering) (Con): I thank Mr. Speaker for allowing me this debate, and the Minister for being here to listen to my remarks.

Today marks 58 years since Israel declared its independence. Israel is a democracy, committed to western values, freedom and the rule of law, located, I am afraid, in a sea of hostile Arab states. Today also marks 58 years that Israel has been fighting for its survival against those hostile neighbours and terrorist groups who, in many cases, still refuse to recognise Israel's right to exist.

I am thinking in particular of Hamas, the radical Islamist terrorist organisation, which won an overwhelming majority in the Palestinian elections in January. Hamas won 74 of the 132 seats in the Palestinian legislative council elections and has filled the Palestinian Authority with Ministers who, I am afraid to say, defend the deliberate killing of innocent Israeli civilians.

The Hamas movement was born out of the extremist Muslim Brotherhood in Egypt. It is committed to the destruction of Israel through armed struggle and the establishment of an Islamic republic of Palestine based on sharia law. Between 1989 and 2005, Hamas killed 579 Israelis, and wounded 3,235 more, in brutal acts of terrorism; some 93 per cent. of these were civilian casualties. Hamas suicide bombers have attacked Israel at least 58 times—symbolically, one for each year since Israel declared its independence in 1948.

Britain should remain steadfast with regard to Hamas and should not be led to water down the three preconditions set by the Quartet on 30 January. Hamas needs to understand that it needs to recognise Israel, commit to non-violence, end terrorism, and accept previous agreements and obligations signed by its Palestinian predecessors. The Minister should not waver: all three conditions must be fulfilled before Britain and the west should even consider dialogue or meetings with Hamas. The Minister must remain firm and vigilant against Hamas, and lead the international community to pressurising Hamas to commit to a two-state solution: a secure Israel living side by side with a viable state of Palestine.

Hamas must end its violence and terrorism, and it is in the British national interest to promote freedom and democracy against that oppression and terror. Her Majesty's Government should not waver on any of the conditions set for the new Hamas-led Palestinian Authority.

There are those who hope that Hamas will be moderate in office, but I am afraid that its actions show the opposite. Although it has, by and large, respected the ceasefire negotiated by Abu Mazen in February 2005, many Hamas leaders continue to defend terrorism against Israel, and they ally themselves with abhorrent regimes, themselves state sponsors and financiers of terrorism, such as Iran and Syria, that openly call for Israel to be "wiped off the map".

Last month, Tehran hosted a "support for the Palestinian intifada conference", which was attended by Hamas's political bureau chief, Khaled Meshaal. Iran

has pledged $50 million to finance the Hamas-led Palestinian Authority. Hamas is an integral part of the fundamentalist regime in Iran, which, as we all know, seeks to export terrorism and wage jihad against western democracy and values. With close links to an Iranian regime hellbent on acquiring nuclear weapons and destabilising the whole of the middle east, the Hamas Government are exposed as a regime with the same goals: destruction of Israel and an attack on western democracy and values.

Hamas's Foreign Minister, Mahmoud al-Zahar, is openly an extremist and is cultivating links with Iran, Syria and Saudi Arabia, rather than—as I am sure we would all wish—showing moderation to the west. On 24 March, Hamas's Interior Minister, Said Siyam, who is responsible for Palestinian internal security forces, publicly committed himself not to order arrests of operatives who carry out terrorist attacks against Israel. Siyam's declaration amounts to an open invitation to all terrorists, including al-Qaeda, Hezbollah, Palestinian Islamic Jihad and the Fatah militias.

In effect, the Hamas regime, far from being a moderating influence, is facilitating continued terrorist attacks on Israel while disclaiming responsibility. Although the Hamas movement appears to abide by a ceasefire with Israel, the policy of the Hamas Government is to allow terrorists free rein. Hamas failed to condemn the first suicide bombing to take place after it took power in January. Instead, it called it "an act of self-defence".

Not only is Hamas refusing to criticise publicly acts of terrorism, but it has actually been implicated in the attacks itself. For example, an investigation into the attempted suicide bombing at the Karni crossing on 26 April revealed that it was carried out by the popular resistance committees in the Gaza strip, which are under the direction of Hamas.

There are glaring inconsistencies in the messages that Hamas sends out to the western and Arab media on the issues of terrorism, Israel and negotiations. Indeed, Hamas's media strategy is to adapt its various messages to the relevant target audience. To the western media, Hamas attempts to put across a soft image; to the Arab media, including that in Palestine, Hamas presents a defiant and uncompromising image, including on issues such as terrorism, the peace process and recognition of Israel.

For example, Hamas's Prime Minister, Ismail Haniya, has been labelled a pragmatist in some of the western press. Yet it was Haniya who took credit for a Hamas suicide bus bombing in 2003, which killed 23 Israelis and wounded 130. In March this year, in the Arabic press, Haniya said the following on the issue of the recognition of Israel:

> "One of the basic principles of the new Government is not to surrender to international threats and to refuse to recognize Israel."

However, days earlier, in the western media, he had said:

> "We will respect the agreements which will ensure the establishment of a Palestinian state on the '67 lines, as well as the release of prisoners. If Israel withdraws to the '67 lines, we will formulate peace in stages."

That dual message speaks for itself. Hamas continues to support terrorism, refuses to recognise Israel and shows no sign at all of accepting the notion of a two-state solution. Sadly, the evidence suggests that, far from a democratic Palestine, we could be witnessing the emergence of an Islamist state on Israel's doorstep, with vested interests from fundamentalist regimes such as Iran and Syria and terrorist groups including al-Qaeda and Hezbollah.

Will Her Majesty's Government grant assurances that they will remain steadfast against Hamas and remain committed to all the preconditions set by the Quartet on 30 January? Will the Minister also make assurances that Her Majesty's Government will not become lenient in interpreting the preconditions set by the Quartet? It is unacceptable when the Foreign Secretary says, as he did in Riyadh only a few weeks ago, that recognition of Israel does not mean a formal declaration by Hamas, but just a practical acceptance of the "reality" of the Jewish state. Hamas, in its entirety, is a terrorist organisation proscribed by the European Union. Will the Minister join me in condemning the leader of the Liberal Democrats in the EU for recently meeting the Hamas Speaker of the Palestinian Parliament?

In conclusion, Britain should stand united with Israel against Hamas and remain vigilant that Hamas recognises Israel, ends terrorism and accepts a two-state solution based on the road map to peace.

4.41 pm

The Minister for the Middle East (Dr. Kim Howells): Thank you for calling me, Mrs. Anderson. It is a double pleasure to have you chair the debate, because you chaired another Adjournment debate earlier today—we must be the only Assembly in the world that has six Adjournments a day. That debate was on Nepal, another troubled part of the world, and, since the majority of the world's conflicts come under my brief, we will no doubt share the Room again.

I congratulate the hon. Member for Kettering (Mr. Hollobone) on tabling this Adjournment debate. It has come at a crucial time for developments in the middle east, not least because today is Israeli independence day. As he has explained, it is important that we work to ensure that that independence is protected and that the Israeli people are allowed to enjoy a life free from the threat of terrorism, violence and murder that they have faced for so long. Of course, on 25 January a new Palestinian Government were elected and on 28 March the Israeli people also elected a new Government.

As I made clear to the House on 25 April, we recognise Hamas's democratic mandate as a result of free and fair elections, but that mandate comes with responsibilities. Democracy is about more than elections but, as I have also made clear, it is essential that the Hamas-led Government commit to non-violence, recognise Israel, and accept previous agreements and obligations, including the road map. I say that in all humility because I cannot see another way in which we will reach the two-state solution that, in my view, is absolutely vital in the middle east peace process. The road map remains the best way forward.

We are watching developments closely. Hamas needs to start to implement the three principles and to make clear the path it intends to take. Its response to the Tel Aviv suicide bomb attack on 17 April was unacceptable

[Dr. Kim Howells]

and reprehensible. I thought that the hon. Gentleman's explanation of the expert way in which Hamas manipulates the news media to communicate dual messages to suit its different audiences was valuable and insightful. Never underestimate it because, like Osama bin Laden, it uses the media in a clever and effective way.

There has been a great deal of controversy about what we should do about pledged support and continued support for the Palestinian people. That is important, as the Palestinian people have been hugely subsidised for a long time. I have made known my sadness at going to Ramallah and seeing luxury apartments surrounding the city, despite the fact that the local economy has allegedly collapsed. One wonders where that money came from. A lot of it came from the donations that countries such as ours gave, over the years, to Yasser Arafat and, I am afraid, a lot of it was distributed to his cronies through corruption. The last people to benefit from it were the Palestinians. That rankles, and certainly goes a long way to explain why Hamas did so well in the Palestinian elections. People were looking for an organisation that would challenge corruption, which is something that we must take into account and treat seriously.

The international community and the UK will continue to support the Palestinian people and to help provide for their basic needs. The Prime Minister, the Secretary of State for International Development and the Foreign Secretary have all made it clear that the United Kingdom will continue to support the Palestinian people. Although donors have stopped direct budgetary support to the Palestinian Authority, they continue to provide support to the Palestinian people and help to provide for their basic needs. Only a co-ordinated response by the international community will achieve that.

We, along with our EU partners, have a strong record of support for the Palestinian people. On 25 April the Department for International Development announced a £15 million payment to the United Nations Relief and Works Agency. The United Kingdom alone has given £147 million to the Palestinian people since 2001. That is an enormous sum of money. We want to restart our funding to the Palestinian Authority, but we cannot do that until Hamas takes the necessary steps. In the meantime, we are actively looking at how we can help meet the Palestinian people's basic needs.

Of course, this is the hon. Gentleman's Adjournment debate and he has acquitted himself well. However, I remind him that the middle east peace process is a process, and that we should also take the opportunity to remind the new Israeli Government, for whom we have great hopes, that they must stop any action that contravenes the agreement that should be part of the road map. They must stop building illegal settlements and stop the construction of the separation barrier on Palestinian land.

I have been there and I have seen for myself the damage that the separation barrier is doing. I am very much a supporter of the two-state solution, but I have heard some shocking statistics, such as that only 20 per cent. of the barrier is on or behind the agreed green line. Some 80 per cent. of the barrier is in Palestinian territory. That does not help. It does not help those of us who are passionate supporters of Israel and the Israeli people, as much as we are supporters of the Palestinians. It is very important that we recognise that what I have described is contrary to international law and threatens the viability of an agreed two-state solution.

Mr. Hollobone: I thank the Minister for his remarks thus far. Although he has concerns about the location of the barrier, does he recognise that Israel never wanted to build it in the first place, but has been faced with an unprecedented scale of assault on its citizens through suicide bombing? We have had our own recent, unfortunate experience of suicide bombing in this country, but the level of such attacks in Israel is out of all proportion to anywhere else in the world. That is the fundamental reason for designing the barrier in the first place.

Dr. Howells: I understand that completely. On my last visit to Israel I went to talk to what one might call old friends on the Israeli left who were born and brought up on kibbutzim, one of which was, if I recall rightly, on the old road to Jerusalem. They told me very reluctantly that life was a lot easier now the barrier had been built. They admitted that reluctantly because they always wanted to live alongside Palestinians. They did not want divisions. They believed that it was possible for people to live together.

I understand entirely the hon. Gentleman's point. If the Israelis want to build that barrier, that is up to them, and of course that is what they have done. However, the route that the barrier takes is an extremely important issue. If it incorporates Palestinian land—as it certainly has done—there are problems, as the Israeli High Court has admitted. Sometimes it has overruled the proposed routes, saying, "No, it mustn't go that way, because it's illegal." I very much hope that the Israelis, even at this point, listen to pleas from countries such as ours to reconsider that route, because it allows the wound to fester, and there have been too many festering wounds in that part of the world. I understand entirely why the Israelis have built the barrier, but hope very much that they understand that we feel strongly about the route that has been taken.

In answer to the hon. Gentleman's specific question, the Foreign Secretary told the Foreign Affairs Committee in March that we remain committed to key Security Council resolutions Nos. 242, 338 and 1373. We believe that the Israeli Government should adhere to international law, and we remain concerned by Israeli policies on settlements and the barrier—and especially on access to Jerusalem, which threatens to cut off Palestinian east Jerusalem from the west bank. Those policies will have serious economic, social and humanitarian consequences for Palestinians, and they risk reducing the possibility of reaching a final status agreement on Jerusalem.

I shall develop my argument. Although I understand the security considerations, those whom I met in the kibbutz told me that the last thing they want is an economic basket case on the borders of Israel. The Palestinian state must be economically viable, and that will require some rapid rethinking of the way in which blockades can prevent the development of the economy and so on. There has to be a balance. There is never an easy answer to the question of how to protect one's own

citizens and at the same time allow the proper economic development of a neighbouring state. It is extremely important.

I shall move on, as I have only a few minutes left. The hon. Gentleman asked if I would give him an assurance that we will remain steadfast against Hamas, at least with its present policies and statements. We stand fully behind the Quartet's three principles of a Hamas commitment to non-violence, its recognition of Israel and its acceptance of previous agreements and obligations, including the road map. We are monitoring the situation closely. Hamas will be judged not only on its words but on its actions. If Hamas shows real political leadership and imagination, it could make the necessary change; and it should understand that if it makes that change the international community will respond.

I have chosen my words carefully because I know that the hon. Gentleman feels strongly about the matter. I am sure that many in the new Israeli Government will feel that they have to make progress, but they cannot make progress for as long as they adopt their present actions and words. The aftermath of the Tel Aviv bombing reminded us, if we needed reminding, of a ruthless streak in those political thoughts.

The hon. Gentleman mentioned the leader of the Liberal Democrats in the European Union. We have made clear our policy on Hamas. I am sorry that the leader of the Liberal Democrats in the European Parliament chose to take the action that he did. I had hoped for a degree of solidarity, but individual Members of Parliament, including Members of the European Parliament, may view the situation differently. That is their prerogative. However, we have made our views clear.

The hon. Gentleman also asked whether we would take steps to ensure that other British political parties and western allies abided by the same set of tests for the unreformed Hamas Government. There will be a Quartet meeting on 9 May in New York to discuss the middle east peace process. We are working very closely with the Quartet and our EU partners along the lines that I have set out, so I hope that he can take some comfort from that.

I have lost track of time, Mrs. Anderson; despite the fact that there are clocks all over the place, they tell different times. However, I can tell the hon. Gentleman that we remain committed to the principles of a negotiated two-state solution, and we continue to work towards a just, viable and lasting peace and the establishment of a viable and secure state of Palestine and a secure state of Israel consistent with the Security Council resolutions and the principle of land for peace. If Hamas can move towards the Quartet's three principles, then the peace process can advance. The only viable future for a Palestinian state lies in its having a peaceful relationship with its neighbour Israel.

Mr. Hollobone: I suspect that we may have more time than the Minister imagines. I appreciate what he said about our EU partners. Does he detect any softening in the stance of our EU partners towards Israel, which could disconcert the Israelis as they confront the terrorist threat from Hamas? Traditionally, it has been the US and the UK that have remained steadfast on these issues and some of our continental neighbours have backtracked at crucial times.

Dr. Howells: I can certainly tell the hon. Gentleman that the EU and the US, together with the other major donors, such as Japan, Canada and Norway, have suspended direct funding to the Palestinian Authority, but remain committed to supporting the Palestinian people. Those donors provide the majority of funding to the Palestinian Authority. Some other states, including those in the Arab world, view the situation in a different way, which is their prerogative, but I have not detected any breaking of ranks, if that is what the hon. Gentleman is referring to.

The hon. Gentleman knows full well, because he is very familiar with this part of the world, that different Governments will have different views about how far to move in one direction, and about who to talk to and who not to talk to. There will be situations where some of the aid we give to the United Nations will have to be signed off by someone who turns out to be a Hamas representative or councillor. Inevitably, such things will happen.

I am old enough to remember the early days of our engagement with the Provisional IRA under Prime Minister John Major. That process was fraught with difficulty and a lot of it took place in secret. I have not noticed a great breaking of ranks or people trying to engage with Hamas—or other people—in various ways. We expect the Palestinian Authority to take long-overdue action against people firing rockets into Israel, trying to provoke confrontations at the borders or identifying, recruiting and arming suicide bombers. Despite the barrier, they still get through; they got through to Tel Aviv.

I have not picked up an indication that there is any desire among any of our partners or allies to break ranks in that respect. I cannot answer for other Governments. Very early on, the Russian Government met Hamas. They were very cautious about that meeting, from what I can tell. I think that Hamas got the message from Russia that the latter was very much part of the Quartet, which was helpful. However, I understand the hon. Gentleman's trepidation.

As I say, the only viable future for a Palestinian state lies in its having a peaceful relationship with its neighbour, Israel. We welcome the commitment of Prime Minister Olmert and President Abbas to negotiations, and we urge both sides to resume negotiations as soon as possible. We want the peace process to make real progress. The Palestinian and Israeli people suffer in the end. There ought to be enough good will there, and enough diplomatic expertise; they have been at it for long enough to make progress now on the middle east peace process.

I thank the hon. Gentleman for raising the subject; it gives us the opportunity to say once again that this country, this Government and I am sure his party, too, want this terrible conflict to draw to a close so that people in that area can live in peace and stability and look forward to a decent future for their children.

Question put and agreed to.

Adjourned accordingly at one minute to Five o'clock.

Westminster Hall

Thursday 4 May 2006

[JOHN BERCOW *in the Chair*]

Enterprise

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Heppell.]*

2.30 pm

The Minister for Industry and the Regions (Alun Michael): May I confess at the start that I am slightly disappointed, Mr. Bercow? This is the first time that I have sat under your chairmanship, and I sincerely trust that it will not be a humbling experience. However, it also means that I will not be able to enjoy your usual vigorous interventions, and I am tempted to say that putting you in the Chair is probably the only way to keep you in order. None the less, a poacher turned gamekeeper can demonstrate characteristics that have not previously been seen, and I am sure that you will be strict. Sincerely, though, I am pleased to speak under your chairmanship for the first time.

Enterprise is a term that covers the formation of new businesses and the expansion of existing businesses, and being seen as enterprising is of great importance if an area is to attract businesses. To take a personal perspective, the issue is important to me because I entered Parliament as a result of the frustration that I felt working with unemployed young people in parts of Cardiff, including parts that are now in my constituency. Those young people had no hope, no future, no inspiration and, therefore, no enterprise, but that situation has been transformed over recent years as a result of the strength of the economy and initiatives such as the new deal. Such initiatives have given young people opportunities and encouragement as a result of a genuine partnership between the Government and business. That underlines the fact that many of society's problems cannot be adequately dealt with without successful businesses, a strong economy or enterprise.

In essence, enterprise is about having a can-do attitude to life, whether people are motivated by the wish to run a business, to be the best at something or to change the world around them for the better. Many successful business people are inspired by all three of those factors, as well as by the motivation of making money, and there are also enterprising people in the public sector and the third sector. There is evidence that we can inspire young people to be entrepreneurial—to have that can-do attitude—and encourage business growth if we create the right environment, and that is certainly the Government's aim.

The UK has great enterprise potential, and a recent World Bank study, for instance, places us in the top 10 of the world's top 30 economies in terms of business-friendly regulation, but that does not mean that we should rest on our laurels. We are committed to one of the world's most ambitious programmes of reducing the burden of regulation on business, and steps to do so are well in hand. We are simplifying our regulatory approach and our enforcement structure, we are reducing the number of enforcement bodies from 31 to seven and we are consulting on new measures to ensure that enforcement and penalties strike the right balance. Such issues rightly come up every time I meet representatives from different sectors of industry and business, and they agree with our engagement, but always encourage us to go further.

The other side of the equation is also extremely important. Government procurement is enormously important in encouraging business, which is why we are working to simplify the way in which businesses can get into the business of supplying the Government. The Supply2.gov portal provides an opportunity to reduce the duplication that is such a burden on small businesses and increase opportunities for them to be part of public sector procurement. Sometimes, the problem is that everything is too complicated, and sometimes things have genuinely been too burdensome, but sometimes the problems are a matter of perception. By providing a simpler methodology and making use of the internet and web-based opportunities, we can genuinely open up the possibilities for small businesses.

That is crucial because small businesses represent 99 per cent. of all businesses in the UK and are the backbone of the UK economy. At the beginning of 2004, there were 4.3 million small and medium-sized enterprises, and the majority were small, with fewer than 50 employees. That was up from 4 million in the same period in 2003, so there has been an increase in the number of small businesses, and that in itself reflects a growth in enterprise.

As I said in respect of regulation, we need to strike the right balance. Balance offers opportunities. Women comprise 51 per cent. of the UK population and 46 per cent. of those who are active in the labour market. Nearly 1 million women are self-employed, but only 27 per cent. of all self-employed people are women. The Government recognise that the pace of development needs to accelerate if we are to tap the massive economic potential represented by the development of women's enterprise. Indeed, at Department of Trade and Industry questions earlier today, one of my Back-Bench colleagues made a comparison with the USA, and my hon. Friend the Minister for Women and Equality said that we would have about half a million extra businesses in the UK if we had the same level of entrepreneurship and start-ups among women as the United States of America. However, she also said that things have improved, as not so long ago the figure would have been 750,000 extra businesses, so there has been progress.

Given that we have been missing out on many women's potential contribution to the economy, my right hon. Friend the Secretary of State for Trade and Industry approved the setting up of the taskforce on women's enterprise. It is to be operational in June and its objective is to provide high-profile leadership to accelerate women's enterprise development and promote confidence and a can-do attitude among the many women who have the talents and ability to contribute to the economy. The taskforce will be light on process and heavy on delivery to achieve the greatest impact in the shortest time.

Throughout the UK, more than 250,000 black and ethnic minority enterprises contribute £13 billion a year to the British economy, and many of them are high-quality and growing businesses. Despite so much entrepreneurial activity, however, a great many people

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are still disadvantaged because of their ethnicity or gender or because they live in deprived neighbourhoods, and they need our help. To use a business term, we need to segment our approach to ethnic minority communities, because some have a background in business and more ready family experience of it than others. We need to develop an inclusive approach to encourage those who do not have such a family or community background to go into business.

In December 2004, the Chancellor asked the National Employment Panel what could be done to increase the employment and business growth of ethnic minority and faith groups. The panel, working with the DTI's Ethnic Minority Business Forum, made 10 recommendations at the conclusion of its work. The Chancellor accepted them, and a cross-Whitehall working group is taking them forward as part of a larger taskforce, which is looking at ethnic minority employment issues in general.

A key barrier for black and ethnic minority entrepreneurs is access to finance. That is why the DTI's Small Business Service is undertaking an ethnic minority booster survey as part of the in-depth Bank of England-led Big Survey, which will compare results from five key ethnic minority groups with the experience of white-owned businesses. The evidence from the booster survey will help us to understand the implications of ethnicity, and perhaps some of its diversity, for raising finance and it will inform future action on the issue.

The Small Business Service is committed to working with banks and financial institutions to break down barriers and increase the availability of start-up finance, loans and risk capital. From 1 April, regional development agencies became responsible for community development finance initiatives. Incidentally, they also became responsible for the local delivery of Business Link in their regions, which is a welcome step forward. We want the Business Link brand to be provided consistently in every part of the country, and a regional emphasis on performance can drive that agenda forward. However, on the community development finance initiatives, I am pleased that there are signs that the financial needs of the Muslim community are being recognised by the private sector. The Islamic Bank of Britain has been created and at least one international bank is now advertising sharia-compliant financial products.

I want to include a word about social enterprise. People start a business for many different reasons, as I mentioned earlier. Some are inspired to use a business model to solve what they see as a social or environmental problem. They want to do good as much as they want to make money, and feel that they can do that better by independently generating the finance to run a genuine business than by depending on charitable means or public subscriptions.

The Government have a strategy to support and raise awareness of the strength and contribution of social enterprises. Department of Trade and Industry research on social enterprise last year revealed that there are at least 15,000 social enterprises in the UK employing more than 450,000 people and contributing more than £5 billion a year to gross domestic product. It is difficult to be totally sure about the figures, because there is not one model for social enterprise. Some enterprises will be registered as companies, some will be partnerships, and some will be owned almost individually or by associations.

Mr. Mark Prisk (Hertford and Stortford) (Con): I have just been reviewing some of the Government's decisions, and I noticed that the figure given in the document "Match Winners" that the Minister issued to Members a few months ago, which I commend as extremely positive, is £18 billion a year. He has mentioned a figure of £5 billion. Which is correct?

Alun Michael: It depends on whether one is referring to contribution to GDP or turnover. The "Match Winners" publication and the research last year to which I referred are an attempt to bottom out the contribution that is made. At the moment we can say that it is big and has the capacity to become much bigger. I would hesitate to claim that our figures are totally accurate; we are getting towards providing a quantum. I would certainly be happy to give the hon. Gentleman more detail about specific figures and how they compare.

I am grateful to the hon. Gentleman for referring to "Match Winners", because when that publication arrived on my desk I was delighted with it. It profiles several organisations and demonstrates in an inspiring way what can be done. Often that inspiration is needed. When people read the examples in the document, they say to themselves, "Well, I could do that." Enterprise is about having the confidence to do things.

The main point to be made about social enterprise is the extent to which it acts as a powerful motor in the UK economy. Social enterprises are also an important source of jobs. We know that they employ some 750,000 people, of whom about two thirds are employed full-time, so they are serious businesses. About 300,000 people work for social enterprises as volunteers.

The vast majority of social enterprises exist to help particular groups of people, either through employment or by providing goods and services. Sometimes they hit the triple bottom line very effectively. Perhaps I may mention in that context Track 2000 in my constituency. The recycling of materials is one of the positive benefits that it brings about. It employs adults with learning difficulties, who can therefore make a real contribution in a real job. Recycled goods—particularly white goods—sold at a low price make a serious contribution to the needs of young people, for example, who have been homeless and are trying to get back on their feet and establish a new home, perhaps after a period recovering from alcoholism or drug abuse. That one little organisation is not just hitting the triple bottom line. It is scoring hits on four or five economic, social and environmental benefits. There are many more like that in the country. I speak of the one in my constituency with affection, because it has been going for several years and has been remarkably resilient in continuing, but I am sure that other hon. Members could cite examples from their constituencies.

The groups most commonly helped by such enterprises are people with disabilities, young people, the elderly and people on low incomes. Nearly a quarter of the social enterprises that were surveyed also had

environmental objectives, as well as social objectives. It is difficult, however, to overestimate the impact of enabling people who otherwise would not be part of the economy to participate in it by having jobs, giving them pride and self-worth.

Social enterprises are often particularly well placed to contribute to economic regeneration activities through their community focus. For example, the Shoreditch Trust is using social enterprise to deliver its succession strategy for regeneration. The aim is to ensure revenue streams to support continuing services beyond the new deal for communities' 10-year funding programme. By forming partnerships with market leaders, each venture is ensured access to public sector and commercial expertise. Another example is the Eaga partnership, which delivers an environmental benefit and warmth to poorer families and pensioners throughout the country and is now a large, effective and successful commercial organisation. However, it remains a social enterprise.

I could mention many other such enterprises, but shall refer to just one more now. I shared a platform with someone from Antur Tawe who showed us a photograph of demonstrators outside the local council building. They were demonstrating about a wind farm, but not against it; they were objecting to the local authority's intention to turn it down, because it was a project on which they had been engaged. That community was not having things done to it; it wanted the benefit of environmentally friendly energy and a contribution to the wider community.

Enterprise needs to be seen and understood as a positive and worthwhile activity, and it should be seen in that light, not just by young people thinking about their futures but by people of all ages making career choices, and by society at large, so that those who choose to engage in enterprise are supported and encouraged. However, as John Maynard Keynes once observed,

"The difficulty lies, not in the new ideas, but in escaping the old ones, which ramify, for those brought up as most of us have been, into every corner of our minds."

We talk too easily about enterprise, and business in general, as an activity that stands alone. It does not. Enterprise must be about something—making and selling something, or giving or selling a service. Social enterprise is about improving society or protecting the environment, but doing so commercially. It is vital that enterprise activity should be encouraged in the UK. That encouragement starts with the creation of the right mindset across all communities and at all ages. That means giving people a can-do attitude in all walks of life—not just in connection with wanting to start a business.

We are working hard to tackle the perception of young people, and looking for ways to build an enterprising culture in our next generation of potential entrepreneurs. That is happening in schools, stimulated by the provision of enterprise entitlement funding for pupils at key stage 4. It is also happening outside the classroom, particularly through the enterprise week initiatives. Last year, enterprise week, which promotes enterprise to young people, was held in November. It was two and a half times bigger than it had been the previous year, and 408,000 people from around the UK attended the 2,215 events that were held. I hope that the hon. Member for Hertford and Stortford (Mr. Prisk) will not respond to me in too challenging a way about those statistics; I think that they are right, but it might have been 2,216 or even 2,214. Certainly, a very large number of events were held, and a lot of people were involved.

Mr. Prisk: I shall go in another direction, if I may, rather than contesting the details of the statistics. Many of the measures that the Minister has described are worthy and entail good ambitions. However, how much does he personally feel one can teach entrepreneurship? To what extent is it in a person's instinct or nature?

Alun Michael: For many years people thought that enterprise could not be taught, and that either people were born with a capacity for business or they were not. In recent years those ideas have been challenged in business and social enterprise. One might ask, "Why have business schools if you can't teach business skills?" One of the people who challenged the ideas was Lord Young of Dartington, that great social entrepreneur and man of ideas who, among other things, wrote the 1945 Labour party manifesto and inspired Dartington hall, the Open university, the Baby Naming Society and the School for Social Entrepreneurs. I attended the graduation ceremony of the social entrepreneurs who had been through the school's course. It was quite stunning to see people who had not only been inspired to become social entrepreneurs, but been given the skills and professionalism to take that forward.

Two things can be done. One is to provide the skills, so that people do not have to make too many mistakes or fail too many times, although it is generally recognised that a willingness to take risks and therefore fail in business is a prerequisite for long-term success. The second thing is to develop the aspiration. There is a great deal of evidence that engaging young people with the idea that they might set up their own business and making that part of the culture can make a big difference.

The enterprise week events—which, if I am right, will have a significant cumulative effect over the coming years—were run by 722 organisations. That is a significant engagement across the country. They in turn were helped by 3,874 businesses. Enterprise week is the annual focal point of the "Make your mark" campaign, which aims to raise awareness of the value and relevance of developing entrepreneurial capacity and to foster an entrepreneurial culture among young people and the people who influence them. We want people in schools to be talking about enterprise not theoretically, as though it were a branch of economics or business studies, but as something that engages the imagination. That is the hope in developing the enterprise work in schools.

The campaign is co-ordinated by Enterprise Insight, which was founded by the Confederation of British Industry, the British Chambers of Commerce, the Institute of Directors and the Federation of Small Businesses, with the DTI as a partner providing significant and increasing funding to enterprise week. I am delighted that that is the case.

To return to the point that the hon. Member for Hertford and Stortford made, the effect of such interventions can be staggering. The Global Entrepreneurship Monitor found that the proportion of

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adults expecting to found a business increases by more than 100 per cent. if they have experienced enterprise education or enterprise training earlier in life, and that the proportion who actually start businesses increases by more than 75 per cent. That is powerful evidence of the value of saying that we do not have to wait for entrepreneurs to appear and that we can encourage more of them to come forward and more people to have the confidence to think that that might be them. I was therefore particularly heartened to hear that the global chief executive of GEM has said that a cultural change is evident in the UK:

"Since 2002, there does appear to be a step change in attitudes towards entrepreneurship especially among the young".

I am certain that seeing entrepreneurship as something that we all want to encourage, inspire and celebrate will make a long-term difference to the UK economy and to our international competitiveness. I have been inspired when meeting young people in the national awards ceremony and hearing about the work that they did to reach the regional and national final. I also saw one of the early rounds of last year's competition at a venue in Yorkshire, where eight schools were present.

A lot of the work comes down to the basic level of putting the idea in people's minds. The other side of that coin is the big difference in how many 17 to 20-year-olds in various regions think that they might set up their own business. In one group, none thought that they would set up their own business, although with a bit of probing I discovered that one wanted to start a rock band and that another wanted to become a hairdresser. I suggest that both of those involve setting up businesses. However, the culture in another group was different, with three quarters thinking that they might do so. Those young people were not different socially or in terms of educational background, but they were in terms of their environment and self-confidence.

If we can spread to all our young people, to all the different communities that make up our mixed society, to every region and to women as well as to men the idea that they might succeed, our future in an increasingly competitive global market, in which nothing can be taken for granted, will be bright. Therefore, we need entrepreneurship. We need our young people to be successful entrepreneurs and, to be able to compete in the world, we need to offer such inspiration. There is much more that I could say, but I should stop now. I look forward to hearing other contributions to the debate.

2.56 pm

Mr. Mark Prisk (Hertford and Stortford) (Con): I should like to match the Minister—or perhaps not match, otherwise we could be here for the full three hours—in saying that it is a pleasure to see you in the Chair as our steward this afternoon, Mr. Bercow. I suspect that our sitting will not be too rowdy, although I cannot speak for all hon. Members, so we shall see how we do. I hope that if we lack in quantity, we shall at least have a degree of quality and that you will steer us appropriately, Mr. Bercow.

Many of the sentiments that the Minister expressed are shared on the Opposition Benches. However, I start by saying that the first and overriding objective of enterprise is to generate wealth; that is the principal contribution of enterprise to our society. Enterprise, after all, pays for our schooling, our health care, our salaries as public servants, and the policing and security services that we all desire. One should therefore begin by recognising that business and enterprise are first and foremost about wealth creation. This debate is about the wider role of enterprise. As the Minister highlighted, businesses can help to build and sustain communities in a range of ways; but those social ambitions, to which I shall allude later, however worthy, must come after a recognition of the principal objective of generating wealth.

In 2000 the Government set themselves the target of making this country the best place in which to set up and run one's own business by 2005. That deadline has come and gone, and sadly the target is far from being achieved, although it would be churlish not to recognise that there has been progress in some areas. However, I am afraid that in other areas things are getting worse, not better.

Recent research by Barclays Bank shows that the number of business start-ups fell last year by 13 per cent., which is the largest fall in a decade. This country's start-up rate for small businesses remains half that of the United States of America. That is not the only problem, however. Since 1997, this country's competitiveness ranking in the world has dropped from fourth to 13th. All hon. Members would recognise that we need to reverse that pattern, but I am concerned that the Government are, to a degree, taking the creation of wealth and economic growth for granted. Of course, Governments do not run businesses—the Minister would not claim that. Nor do they create wealth, but they can set the environment in which we can maximise those two processes. That is where I would contend that the Government are failing, and that is not just my view.

I refer the House to a survey published today by the London chamber of commerce, in which 78 per cent. of company directors say that is now harder for a small business to survive than it was in 1997, and 62 per cent. say that starting a new business is more difficult than it was nine years ago. I suspect that the Minister will agree that those figures are rather depressing; one would have hoped for rapid change and progress and not for people in business to have the perception that, for them, things have got worse.

To prosper, business needs clarity in the law and certainty that it can plan ahead, yet the watchword in politics is change, not continuity. Indeed, the Chancellor is forever meddling and tinkering, constantly changing and adjusting the tax system. The result is a hideously complex and overly burdensome system, which in some instances deters the very people whom it is meant to encourage. I shall give a simple example.

The entirely sensible idea of a tax credit to encourage research and development has sadly not produced the benefits that it might have done, and I contend that that is partly because the rules have been changed in every Budget since its inception. The result is that research and

development spending by United Kingdom businesses has dropped by 3 per cent. since 1997 as a proportion of the gross domestic product.

Alun Michael: The hon. Gentleman referred to spending, but does he not agree that the R and D tax credit has provided £795 million of Government support for small and medium-sized enterprises since its inception, the majority going to small and medium-sized manufacturers?

Mr. Prisk: That money is welcome, but if the total spend by businesses had not fallen, how much more could have been achieved? In that sense, the Government are restricted in their original and worthy intention of encouraging the process because the Treasury constantly changes the rules. I know that the Minister is not a Treasury Minister, but I am sure that he will do his best to challenge the Treasury and to ensure that it understands that when it tinkers with the system it makes people hesitate when trying to work out whether or not to invest over a two or three-year period. It is not what we seek, and I am sure that it is not what the Government intend, but that drop in R and D spend concerns us all.

The Minister referred to the fact that the Government have made a number of promises about the burden of regulation. In some instances, but not all, their actions belie their words. For example, in its latest study on the subject, the British Chambers of Commerce found that the burden of extra regulation since Labour came to power in 1997 had cost business nearly £52 billion. Indeed, when trying to total up the numbers, one finds that nearly 20,000 new regulations have been made since 2001, but that only 27 have been amended or repealed.

The Government are now moving to better regulation, and with those figures one can understand why. However, tinkering around with improved parliamentary procedures under the Legislative and Regulatory Reform Bill will not deal with the fundamental problem. We need a serious and rounded consideration of what drives the tide of regulation. One fundamental driver of regulation is that Whitehall has little understanding or experience of what running a small or medium-sized business is all about. The culture of Whitehall is concerned with output, not with the effect of its actions. New laws and regulations are frequently the first resort, but I suggest that they should be the last resort. Changing the culture of Whitehall—of both Ministers and civil servants—is an ambition that I seek to fulfil in my present role.

Another area that needs change in order to encourage enterprise in society is the Government's support for business. The CBI recently said that about £8 billion was spent every year supporting small business. Much of that sum goes to the agricultural community. Of more concern is the number of Government schemes. Some months ago, when I took on my present job, I decided to check the number. Indeed, it is confirmed in the Red Book—I know that you will be familiar with it, Mr. Bercow—which details some of the trickier issues in its latter pages. It is a staggering figure; approximately 3,000 separate Government support schemes, grants, initiatives, tax reliefs—call them what you will—are currently in operation. That maze of money is expensive to administer and wasteful in practice; and because it is complicated and because time is precious to them, small businesses are often deterred from participating in schemes rather than encouraged to proceed. That is a symptom of a Government who often struggle to understand the practical needs of business.

In March, the Chancellor told us that the Government recognised the problem. Hallelujah! But what are they going to do? They want to reduce the number of schemes from 3,000 to no more than 100 by 2010, and they will do it through a marvellous process called deproliferation. Without wishing to rush to the Oxford English Dictionary, I am keen to know what it will mean in practice. I am sure that the Minister will tell us. I want to know whether the change will reflect the needs of business or the diktats of the Treasury. I am thrilled that the Minister is about to enlighten us.

Alun Michael: I was about to offer the hon. Gentleman an opportunity to reflect on what has already been done. When I was at the Department for Environment, Food and Rural Affairs, well over 100 strands of finance were reduced in a process of deproliferation to three strands. It was not easy, because those strands had grown up over several Governments and had decades of background. And the Department of Trade and Industry has brought 100 schemes together into eight. I would be happy to send him details of work that has been successfully accomplished.

Mr. Prisk: I am delighted that the Minister can demonstrate such a record and I hope that he will able to bring it to bear in his current role. To that end, I have some questions for him. Which of the current schemes does he think are underperforming? Which does he feel are highly effective? Which schemes does he intend to keep, and which does he feel should be scrapped? In particular, business will want to know whether the overall amount of money spent in support of business will remain the same, or whether the Government intend to deproliferate the amount of money as well as the number of schemes. If he catches your eye again in this packed debate, Mr. Bercow, it will be super if the Minister enlightens us.

As the debate is about enterprise and its contribution to society, I turn to the social contribution that enterprise can make. The Government have rightly made much of their targets to encourage enterprise among disadvantaged communities and under-represented groups. Given the Minister's experience, he alluded to those matters thoroughly and effectively. Unfortunately, however, the Government have failed to meet some of those targets.

Women and ethnic minorities are still significantly under-represented among the self-employed. Although 4 per cent. of women are now self-employed compared to 3.6 in 2000, the proportion of women among the self-employed dropped from 27.8 per cent. to 26.7 per cent. between 2000 and 2005. The proportion of women entrepreneurs has fallen. The result is that nearly twice as many men as women expect to start a business. The gap between male and female self-employment is widening.

The Minister touched on the question of access to finance, and I am aware that Ministers plan a meeting on financial access for women entrepreneurs. Given the importance of this issue, will the Minister agree to report back to the House on the results of that meeting?

[Mr. Prisk]

In his opening remarks, the Minister mentioned the taskforce on women's enterprise and said that it would be light on process, heavy on delivery. What a marvellous phrase; I must use it at some point.

Alun Michael: I am sure you will.

Mr. Prisk: Probably when I am trying to persuade my wife that I have done all the things that I was meant to do. I suspect that I will have to pay a fee for the patent on that remark, given that it is the Minister's.

So the taskforce will be light on process, heavy on delivery. To that end, when can we expect tangible changes that women entrepreneurs will see in the marketplace?

Success at increasing ethnic minority entrepreneurship has also been limited. Again, the Minister touched on that, but glided over it rather professionally. Although the total number of people from ethnic minorities who are self-employed has increased, the population of ethnic minorities has increased at a higher rate, so the proportion of our ethnic minority communities who are self-employed has again fallen. That is a concern. Will the Minister give us his thoughts on why the policies are not succeeding?

The Minister talked about perception, which is crucial. Getting more people to consider working for themselves is a challenge, particularly if the perception of business, entrepreneurship and capitalism is negative. It is fair to say that until recently the broadcast media was either indifferent or rather cynical about the business world. Few programmes dealt with the question of business, and almost none tried to understand what makes business people tick. I vaguely recall—perhaps you can assist me with the title, Mr. Bercow—that Sir John Harvey-Jones used to do a rather good programme about this in the '80s, but there has been little else since. That is why programmes such as "Dragons' Den" on BBC 2 have been immensely helpful. I understand that nearly 3 million people watch that programme, which is about entrepreneurship. It is quite cut and thrust, but it demonstrates—along with "The Apprentice", "Make Me a Million" and other such programmes, which I am obviously far too busy to watch, but try to see when I can—that there is an appetite to learn more about how business works. It also demonstrates that anyone—I stress anyone—can become their own boss.

Countering that positive step is the anti-enterprise language that we hear from too many journalists and some politicians. Those who break the law in business must be brought to book, but some politicians and, sadly, senior Ministers, are far too quick to use terms such as "fat cats" to bash business. Bashing business might produce popular headlines, but it undermines the goal of promoting enterprise. I hope that the Minister will, if the Chancellor is again tempted to make negative remarks, immediately correct him on them. I look forward to that moment perhaps less than he does.

Being positive about business is important, particularly if we are to foster more social enterprises. The Minister and I had a small exchange on that subject. As he pointed out, a social enterprise is a business with primarily social objectives. There are over 15,000 such businesses in the UK, which, I have written in my notes, generate approximately £18 billion per annum. Having checked this with the Minister earlier, I will say simply that they deliver many billions of pounds per annum to the economy and employ nearly half a million people.

The Government have made some hopeful and positive steps in fostering more social enterprises. My party and I share that ambition wholeheartedly. We need to encourage more bold resourcefulness—to use the definition of enterprise—in creating opportunities for the young and employed, protecting our environment and renewing our communities. For example, Jamie Oliver has, with his London restaurant, Fifteen, seen 37 graduates, many of whom come from disadvantaged or broken homes, through the process of becoming chefs. That is to be applauded. As a Cornishman, I am delighted that he is taking that idea to Watergate bay in Cornwall, where he hopes to repeat the process. I add my support to that welcome idea.

We must actively encourage the work of people such as Jamie Oliver and of familiar social enterprises such as Cafédirect and *The Big Issue*, which is, I suppose, a pioneer in this field. I believe that the Government intend to publish an update to their social enterprise policy on 18 May. Perhaps the Minister can confirm that. If it is the case, we very much wish to engage positively with the Government in that area. If we can do so in a way that will help to encourage more social enterprises, I would very much welcome the opportunity to have whatever discussions the right hon. Gentleman thinks appropriate to find areas of bipartisanship that will enable us to push forward that worthy process.

One sector that makes a significant contribution to the economy but is often overlooked is people who run their own businesses or provide services from home. That is different from home working, which involves people working for employers. According to Microsoft, about 8 million people run their own businesses from home. Approximately 2,000 people each week start a new business from home. When one looks at the demographics, one finds that those are the very people whom the Government wish to encourage. They are often parents, older people and women, who find it particularly helpful.

The advantages of home-based businesses are significant and various. Being based at home allows owners to work flexibly, which means that they can much more effectively juggle their many other family commitments such as bringing up young children or caring for elderly relatives. That type of working brings wider benefits to society. People working from home are more likely to spend their money in their local communities, and less likely to commute, thus reducing congestion and CO_2 emissions.

Such working also has an impact on neighbourhood safety. I used to have a home-based business and worked at home, travelling for my clients when I needed to, as technology allowed me to work in that way. That meant that along my road, there was always someone around in the day, as I was one of about three such people in a street of 20 homes. I know from talking to my local police that burglaries happen pre-eminently during the working day. People working from home make it far more difficult for burglars to break into homes with impunity.

Another benefit to having a home-based enterprise is improved quality of life. In this House, we talk a great deal about the work-life balance, and rightly so. What better solution for many people than to be able to work from home? That is a rarely recognised, hidden benefit. For all those reasons, and as technology develops, it is interesting that the home is now the preferred location from which to start a small business. That is often not recognised in this place or the economy as a whole, but it is time that the Government recognised it, and acted to ensure that home-based businesses are encouraged and supported. Regulatory barriers need to be reduced, and the benefits to individuals and communities that I have mentioned should be recognised and promoted.

Sadly, the Treasury has, in recent years, been the enemy of the home-based business. Measures such as IR35 make it far harder for people to be self-employed. I hope that the Minister will have the courage to recognise the real worth of home-based enterprises and the self-employed, and positively champion their needs to the Treasury and the Chancellor. I have decided to make some progress on this, and will meet representatives of home-based businesses such as the Professional Contractors Group and Shout99, and organisations such as Enterprise Nation, to make sure that the Conservatives fully understand the contribution of that sector. We intend to identify how a future Conservative Government could help.

Let me turn to the role of another group in the community. Local enterprise supports communities in many ways, but that support is best illustrated by the retail sector, particularly small, independent shops. Whether in rural, suburban or, for that matter, urban communities, small shops are often the focal point. They can provide much more than just services. I tend to think of my constituency, where in many communities, whether they be small towns or villages, small shops provide the personal contact that is missing elsewhere. The owner will often know the customer, their family background and their trials and tribulations, and will be able to engage with them. They are therefore able to provide the personal touch that communities, frankly, need more than ever.

The Government have a duty to consider how their actions affect small independent shops. About six weeks or so ago, I called on the Minister's colleague, the Under-Secretary of State for Trade and Industry, the hon. Member for Bradford, South (Mr. Sutcliffe), to try to lead a debate on the future of small shops. Sadly, nothing has happened to date. Many independent businesses are getting frustrated and they feel that they are running out of time.

I have tried to take the lead, organising a summit of the industry's representative bodies to discuss the challenges that face independent retailers. There are many issues. We can consider Sunday trading, supermarkets, local parking schemes, planning and the fact that business crime is not included in police force statistics; they all impinge on small shops.

I was encouraged by the positive wish across the political spectrum to see a set of sensible and balanced policies that encourage consumers to recognise the value of their shops, and encourage small shops to be able to compete better, whether by removing the barriers that Government create locally and nationally or by trying to ensure that large players do not abuse their position. That is why I have made it clear that my party and I strongly support a full and comprehensive investigation by the Competition Commission to ensure that we resolve once and for all whether allegations made against the large players in the grocery market, the supermarkets, are correct and, if they are, that they are acted on.

I do not know whether those allegations are correct, but I do know that a restricted inquiry, which considers planning or land banks but not the broader questions of the supply chain, late payments and so on, will satisfy no one. It will not be in the interests of consumers or of shops, large or small. Those are all reasons why the issue needs to move forward, and I hope that the Minister will take back to his colleagues in the Department a genuine wish to seek out the steps that we can take to help small shops.

In recent weeks, following on from that summit, I have tried to do a number of other things. I have been actively involved in supporting the *Evening Standard*'s excellent "Save our Small Shops" campaign. My party and I have endorsed the Friends of the Earth "Shop Local First" campaign. Those campaigns are simply about encouraging people to recognise the value of those shops and to realise that unless they use them, they will lose them.

Enterprise has many roles in society. First and foremost, it generates the wealth that pays for the services on which the rest of us rely, but its values run deeper. Entrepreneurs epitomise one of the reasons why I came into politics and why I am a member of the Conservative party. No matter who someone is, whatever their background, colour, creed, race or gender, if they have the ability, ambition and will to work they can be their own boss and can make their own living in the world. That value applies to all forms of enterprise, whether they are home-based, local shops, the self-employed, large and small enterprises, or social enterprises. Fostering and nurturing that sense of aspiration and enterprise should be the role of Government, not stifling entrepreneurship through undue regulation and an unhealthy aversion to risk.

Making this country the best place in which to set up and run one's own business has so far eluded the Government. I hope that they will recognise their mistakes and change course. If they are prepared to do so, the Conservatives will be the first to commend them.

3.24 pm

Jenny Willott (Cardiff, Central) (LD): I was glad to hear the Minister say that failing and then succeeding often leads to long-term success in enterprise. I hope that the same applies to political careers.

At the risk of stating the obvious, enterprise is a good thing and has an impact on many different sectors in our lives, as mentioned by the Minister and the hon. Member for Hertford and Stortford (Mr. Prisk). It has a huge financial impact on employment, local economies and local societies. Without wealth creation, there is no wealth to spread. Enterprise also introduces invention and innovation, and can make the economy more dynamic, as it introduces new ideas and allows a large proportion of small firms to be innovative.

Small businesses, as has been mentioned, often give job opportunities to people who would not necessarily be able to get jobs elsewhere—women, ethnic minorities

[Jenny Willott]

and those who are disabled. Social enterprises play an important role, and, as we represent neighbouring constituencies, I would like to associate myself with the Minister's comment about Track 2000, which has a successful operation across Cardiff. Such organisations play an important role in the communities where they operate.

I would like to consider three issues in particular. The first is the increasing burden of regulation on businesses, particularly small businesses. The second is the battle for the grocery sector. The third is the social role and impact of big businesses, which we must not overlook.

The Government's role should be to encourage enterprise and to interfere much less in the day-to-day operation of businesses, whether large or small. The burden of regulation placed on businesses increased by £10 billion last year in the UK—a staggering amount—and the total burden estimated by the British Chambers of Commerce is now £50 billion. That clearly has a stifling impact on businesses' ability to grow and prosper.

Regulation is probably the biggest issue for businesses, although it is not all the fault of the UK Government, as 50 per cent. of regulation comes from the European Union. That clearly has an impact. As the Minister will know, the Liberal Democrats have been calling for a while now for the Government to adopt the Dutch approach to deregulation. We were delighted to hear in the recent Budget announcement that they had decided to do that. However, in Holland each Government Department aims to cut regulation by 25 per cent. per annum, and a Minister is specifically responsible for overseeing that. The Department of Trade and Industry plans to cut UK regulation by 1 per cent. by 2010, which is not on the same scale as the Dutch approach. As the burden increased by £10 billion last year, that is a start, but there is clearly a long way to go.

The burden of regulation affects small businesses disproportionately, since they lack the staff and often the financial resources to deal with filling in numerous forms and so on. Over-regulation is inhibiting the competitiveness of a number of small firms in the UK. We would like to see the Government do more to reduce the burden. They should make more use of sunset clauses and post-implementation reviews and possibly take a one-in, one-out approach to legislation. They should set higher targets to reduce regulation and have a Minister take overall responsibility.

Alun Michael: I am grateful to the hon. Lady for espousing a Government policy—the one-in, one-out approach. I am delighted to hear that we will have her support as we continue to take that approach to regulation.

Jenny Willott: I hope that that will go on from here, so that there is a definite one-in, one-out approach. If that is the case, I am certain that both Liberal Democrat and Conservative Members will support that.

We would also like to see the Government take on board the recommendations from the Prime Minister's Better Regulation Task Force report and implement them fully.

One issue, which the hon. Member for Hertford and Stortford raised earlier, is that, although we recognise that the Government are making an attempt to tackle over-regulation with the Legislative and Regulatory Reform Bill, it goes too far. Some Members have nicknamed it the Abolition of Parliament Bill, which is not inappropriate. In practice, it would move powers to amend legislation in almost any area from Parliament to Ministers. Although everyone agrees with the aims of the exercise, as was shown by the fact that the Bill was passed on Second Reading with no opposition, the Government's proposals have been disproportionate. It would be a shame if the valid intention of deregulation was derailed by the Government's trying to take too much power away from Parliament. I hope that when the Bill returns to the Floor of the House, it is returned to its original intentions and does not overstep the mark so much.

The grocery battle is exercising many people at the moment, as has already been mentioned. I have received letters from a number of keepers of small shops—as I am sure all hon. Members have—including one from the managers of every single Spar store in my constituency, which raises their concerns about the possible increase in Sunday trading hours for supermarkets. They are worried about the impact that that will have on their businesses and their ability to stay afloat.

The power of the supermarkets is having a huge impact not only on other retailers but on small businesses across the country that produce and process food, such as businesses in the agriculture sector, abattoirs, small-scale processors and so on. That is a worrying development. I would like to see a better balance between small and large businesses. It is not in the interest of our communities to allow small retailers, processors and producers to be squeezed out by much larger businesses—the balance between the two needs to be right.

As has already been mentioned, smaller retailers, such as Spar and other convenience stores, play a crucial role in our communities that should not be underestimated. My constituency is a mix of inner-city urban areas and suburban ones, and for those with mobility problems and the elderly, such shops are much easier to get to than out-of-town superstores. They are a very important part of those people's lives. In rural areas, such as the one where my parents live, there are large supermarkets, but they may be an extremely long way away from where people live. Local shops and convenience stores are the heart of the local community, and if they are put out of business, that could have a devastating impact. Because of their economic role, the important social function that they fulfil must be protected.

We would like the Government to introduce more proactive measures to tackle the current situation. Deregulation and lifting the burden of paperwork would be a good start, but as the hon. Member for Hertford and Stortford said, we would like the Competition Commission to investigate all the issues fully. We would like more and better use to be made of the existing set-up at the Office of Fair Trading, which could consider the issues proactively.

In the long-run, the Lib Dems would like an independent ombudsman to be created, to take up complaints confidentially and hold inquiries into market fixing, supermarket supply chains and so on, so

that smaller producers and retailers do not have to put their neck on the block. There is a lot of evidence that the businesses of people who complain publicly end up having major problems afterwards. Therefore, we would like there to be a confidential route by which people can complain so that investigations can be carried out.

Please do not take my words as being anti-big business. Big businesses play a crucial, although different, role in our societies. Without the jobs, investment, services and products that they provide, our economy would grind to a halt. Large businesses ensure that we have a vibrant and flourishing economy and the Government need to work through all Departments to ensure that those businesses have the well-educated and healthy work force that they need to keep operating.

I represent an inner-city seat and there are a large number of big enterprises in my constituency. They contribute a massive amount to the life of the city, in terms of jobs and financial impact, but also by their charitable and social involvement. Several of them involve their work force in local projects: they work with local charities and make many financial donations to local organisations. There are some very interesting examples of work in local schools. For example, bank employees will spend an hour during their lunch break once a week to help children learn to read in schools.

A big impact can be made by employers who are open-minded and take on board their wider social responsibilities by getting involved in the local community. That is definitely to be encouraged. That is one of the reasons why the Lib Dems were so supportive of the requirement for an operating and financial review of listed companies, which we felt was an example of good regulation. As hon. Members will know, most listed companies already produce this information informally—a lot of companies provide it as part of their commitment to corporate social responsibility—and the proposals were widely welcomed at the time.

Operating and Financial Reviews are a good way to ensure that businesses consider and account for the social, ethical, community and environmental impact of their operations. In an increasingly global economy, it is a question not just of the impact that businesses have in the UK but of their broader impact wherever they operate in the world. We support the reduction of the regulatory burden on business, but that should not be done by chucking out good regulation before it is introduced. It should be done by getting rid of over-regulation and bad regulation.

Alun Michael: The hon. Lady has probably not had the opportunity to see how we are responding to the consultation that took place as a result of the decision to remove the OFR requirement—and thus the duplication and cost involved in that process. We did so precisely for the reasons that she mentions. We want to ensure that there is better narrative reporting, without placing an excessive burden on industry. Many of the things that she wants to encourage are not prevented by the change. It is a question of making sure that best practice is encouraged and that an excessive burden is not placed on business. That idea underlies the amendments to the Legislative and Regulatory Reform Bill that will be discussed in another place before it returns to this House.

Jenny Willott: Much of that is indeed the case, but my concern is that companies that already operate best practice, which are very involved and take on their responsibilities, already account for themselves and provide annual reporting. The companies that might have slightly less to boast about might not do so if they are not required to account for their activities,. I am optimistic that something good may come out of the process currently under way.

Governments do not have a great track record in creating wealth directly. The role of the Government should be to ensure competition, encourage corporate social responsibility and create an economic and regulatory climate that enables enterprise to flourish—a supportive role, in other words. Heavy-handed, interfering government can make it difficult for business, especially small business, to create the wealth that is important for the health of our economy and our communities. We need to get rid of swathes of unnecessary regulation, provide support for small businesses to flourish and grow, and enable big businesses to operate in a healthy economic environment with an appropriately skilled work force, so that they can play a full part in the communities in which they are based and are supported in that. I look forward to hearing the Minister's response.

3.39 pm

Alun Michael: I thank the hon. Member for Hertford and Stortford (Mr. Prisk) and my neighbour, the hon. Member for Cardiff, Central (Jenny Willott), for their constructive contributions to the discussion. Some of the things that they said were challenging to the Government, which is entirely right.

I entirely agree with the point about the role of Government with which the hon. Lady concluded her remarks. Our role is to work with business and nurture enterprise, rather than to take a top-down domineering approach in which we assume that we can do everything ourselves. It is clear that we need to create the right environment. As the hon. Gentleman said, we have the ambition to make this country the best place to do business, and we have made considerable progress with that aspiration.

Both hon. Members referred to regulation. I recognise that reducing regulation and cutting down the strands of OFRs are difficult challenges for the Government. In terms of regulation, one must consider the instinct not only of the Government but of Parliament. Whenever a problem appears, the instinct of Members from all parties is to demand that Parliament deal with the issue. We need to be careful of that. I am fond of quoting Gibbon's remark in "Decline and Fall of the Roman Empire":

> "Laws cannot always prevent what they forbid."

My philosophy and that of the Government is to consider where we can work with business to find the right response to a problem, and to ask ourselves whether it needs legislation, a new organisation, a new requirement, or whether there are more intelligent ways of dealing with it.

[Alun Michael]

I can point to a couple of examples from my own experience. The Gangmasters (Licensing) Act 2004 was a response to what all parties agreed was a human tragedy. The practice had existed in many rural communities for many years, but it was brought to public prominence and attention by the events in Morecambe bay. The legislation was designed in conjunction with all sides of industry, and industry representatives now sit on the agency that was created to implement the 2004 Act. It is a good example of co-operative legislation.

Another stunning example concerns something that all Members abhor: internet child pornography—or child abuse, because behind every example of child pornography is an example of actual abuse. It has been acknowledged that we have achieved more in a year or so without legislation than we could have achieved in five years with legislation. The reason is that people in industry, who for a long time said, "It's impossible to regulate this issue effectively," sat down with the Government, child protection agencies, children's charities, the police to find a way of cutting off access to the more horrific sites. I underline the engagement of business in that process.

There are plenty of other examples, but Members from all parties must acknowledge that the temptation is always to add to the burden of regulation as soon as something goes wrong. It may be that a small percentage of business is engaged in an activity that causes problems. Our question is, can we deal with, let us say, the 10 per cent. of people who are doing the wrong thing, without creating a bureaucracy that imposes on others? The challenge to all of us as parliamentarians is to bear that in mind, as well as to tackle the mischief that our constituents bring to our attention.

Mr. Prisk: The Minister mentioned Gibbon; I might mention Henry VIII. Although I entirely accept that the cry of "something must be done" habitually echoes throughout the House, and that Westminster must therefore have a role, the source of regulations is Government, whether UK or European. Given that, will the right hon. Gentleman explain why regulation has risen by more than 50 per cent. annually since 1997?

Alun Michael: The hon. Gentleman seeks to place all responsibility on the Government. Often, the pressure comes from parliamentarians and, behind them, constituents to deal with a particular mischief. I invite him to consider the number of calls for legislation that Members of Parliament make, and the number of early-day motions that call for legislative action. They are far in excess of the amount of regulation and legislation that we have introduced. I do not say that in a partisan way. It is almost human nature, and it is the nature of the environment that has developed in Parliament over many years.

Both hon. Members are right to challenge the Government about their performance in reducing regulation, but all parliamentarians have a collective responsibility to create a different, more engaged environment in which we consider the best ways of dealing with the mischief without providing the burden. That more holistic approach should commend itself to us all.

In my opening speech I said that the UK has great enterprise potential, but I acknowledged that all is not yet well. In spite of our potential, entrepreneurial activity in the UK remains lower than in some of our G7 competitors, and we have almost 50 per cent. less entrepreneurial activity as a proportion of the population than the United States. I referred to the statistics for women's enterprise. There is a significant challenge in closing that enterprise gap between ourselves and our competitors.

The Government can find figures that point to the good things, and the Opposition can find those that point to the bad things or the failures in what we set out to do. So rather than bandy about figures, we should work together to try to improve performance and target the right improvements. That has been the atmosphere of today's debate: it has had quality, if not quantity. It is in all our interests that the economy succeeds and entrepreneurship grows.

On the positive side, the UK economy is strong. Employment has increased by more than 2.3 million since 1997. Inflation is low and stable, and interest rates remain low by historical standards. In the period since 1997, GDP growth in the UK has been more stable than in any other G7 country. By contrast, between 1979 and 1996, growth in the UK was the most volatile in the G7, with the exception of Canada. We must work together to ensure that we make the most of the stable situation, and ensure that it continues for the long term.

Comparisons are sometimes made between ourselves and our European colleagues—or friends, neighbours or competitors, depending on which relationship one favours most—and it is sometimes suggested that we do not perform to the best of our ability. However, unemployment is below the EU average and redundancies are at an all-time low. The employment rate in France is 63.1 per cent. on 2004 figures, compared with almost 75 per cent. in the UK. The unemployment rate in France is 9.3 per cent. compared with 5.1 per cent. in the UK. While we consider the plusses and minuses, of which there are always some in any comparison, we should bear in mind that overarching strategic position.

Mr. Prisk: I understand the Minister's point, but I wish that our ambition was greater than to be better than the French economy, and more positive than to try to surpass our friends in Italy. They are going through dreadful problems, and they need to wake up and realise that the world does not owe them a living any more than it does us. Does the right hon. Gentleman realise that to aim simply to compare ourselves with our European neighbours is to sell this country short? We should be focused on competing with nations throughout the globe—China, India, America and Japan. Should not that be our ambition?

Alun Michael: The hon. Gentleman might have the generosity to acknowledge that the comparison I made about enterprise activity generally and about women's activity was with the United States of America, because I said that we ought to aspire to reach those levels. In relation to China, India, Korea and a variety of other countries, I have said on several occasions that our ambition must be not to worry or to treat them as people who will undermine our economy because they operate

at a low pay level and can therefore undercut us, but to compete on the basis of quality. We should recognise that China and India aspire to compete with us on research and development—high output activity—and that should not be seen as a threat. China, with its fourfold growth over 20 years, presents us with an enormous opportunity as well as a challenge. I hope that the hon. Gentleman acknowledges that the Government's level of aspiration is almost boundless, and certainly as high as he would wish.

I turn now to manufacturing. It is sometimes said that it has slid down the order of priorities in this country, but it certainly has not as far as the Government are concerned. It is true that manufacturing has been declining as a percentage of gross domestic product, but it still accounts for one sixth of our national output. It produces more than half of our exports and employs more than 3 million people—that is far from insignificant. Because manufacturing has such an important role in the UK economy, it is important that the Government's manufacturing strategy is monitored and driven forward effectively—those activities will benefit from the interest and engagement of Opposition Members—and that is why we formed the manufacturing forum in December 2004.

The forum predates my current role as the Minister for Industry and the Regions, but, frankly, I have found my engagement with it exciting. It is jointly chaired by Kevin Smith, the chief executive of GKN, and me, and it brings together representatives from industry, the trade unions, academia, regional development agencies and organisations such as the Engineering Employers Federation and the CBI.

In its first year, the forum focused on three priority areas: skills, image and public procurement. It has stimulated new actions, including the development of a national manufacturing skills academy, which will be of enormous importance across a range of manufacturing industries in the future, and the proposal for a manufacturing media centre, which will ensure that accurate information is provided about what is being done by manufacturing businesses. The forum is about to establish a working group to look at barriers to investment, which is also an important issue for manufacturing companies.

On the stimulation of enterprise, this year I asked Enterprise Insight to develop a significant manufacturing element in the "make your mark" campaign. There will be a manufacturing day during enterprise week, and the forum will support this important opportunity effectively to engage young people in modern manufacturing. I have had very positive responses from large businesses such as European Aeronautic Defence and Space Company and from the CBI. The current approach is to find existing initiatives that work with schools and industries throughout the year so that Enterprise Insight can support, expand and showcase them.

However, the enterprise gap between us and our competitors is not our only concern. There are significant differences in the rates of enterprise across and within our own regions, and that is also something that we must tackle. Based on my experience in both regeneration and enterprise development at a local level, I strongly believe that the two are closely related. We cannot have social regeneration without economic development, and we cannot have economic development without social regeneration that involves the community and its aspirations.

Therefore, to promote enterprise and jobs in deprived areas, we launched the local enterprise growth initiative, which is jointly supported by the Department of Trade and Industry, the Office of the Deputy Prime Minister and the Treasury. My hon. Friends the Minister for Local Government and the Financial Secretary share my vision that enterprise can be used as a tool to tackle deprivation, as well as being worth while in itself, and the objectives of wealth creation that the hon. Member for Hertford and Stortford rightly underlined in his remarks.

The local enterprise growth initiative, or LEGI, as it is becoming known—I do not do acronyms, but I suspect that that one will stick—will be worth £50 million in 2006–07. It has the principal aim of releasing the economic and productivity potential of our most deprived local areas through enterprise and investment. The funds will be channelled through the economic development and enterprise block in local area agreements and will be linked with the work of local authorities and their partners. The programme provides an opportunity for complementary funding for successful bids that reach across to other policy areas.

The emphasis in developing LEGI has been on quality. We ran a process that engaged private sector partners to choose those bids that appeared to have a real prospect of making transformational change and of stimulating enterprise. The best of the bids were excellent and will make a real difference in some of the lowest performing local economies in the country, but we want to go a step further. We want the money to make a real difference by showing how to achieve real change. If the team in an area that has low enterprise activity failed to produce a high-quality bid, it could be evidence of a double whammy of low economic activity and low-quality strategic thinking or leadership, which could trap a community at the bottom of the pile. Therefore, we will put even more effort into challenging and helping some unsuccessful local teams to lift their game in the next round of LEGI bids, and we will do that with a great sense of urgency.

The Government are serious about real change being effected in the most deprived areas, and about the part that enterprise can play in that. LEGI has the potential to be a vital element in regeneration and increasing business activity, but we want to avoid duplication and to pursue simplification—or de-proliferation, as the hon. Gentleman rightly termed it earlier. There are too many strands of business support duplicating each other's work, so we do not want LEGI to make matters worse. There must be one front door on which people knock to get help in starting or growing a business. Business Link, with the support of the regional development agency, must be at the heart of local initiatives.

The importance of enterprise should not be underestimated. Whether it is the formation of new businesses, the expansion of existing ones or attracting businesses to an area, enterprise is a key driver of the economy. I referred to the fact that small and medium-sized enterprises employ more than 50 per cent. of our private-sector work force. They account for more than £1 trillion of private-sector turnover each year. But of

[Alun Michael]

course it is the potential for growth of those businesses, as well as replication, that is essential for long-term success.

Mr. Prisk: I listened with interest to the information about the initiative to which the Minister referred. When does its funding stop? Is it next April or the April afterwards?

Alun Michael: No, we are planning a three-year programme of funding—there will be continuity in it.

LEGI is also an opportunity for regional development agencies and local government to focus on the areas that perform least well in enterprise activity to see how they can be lifted. The lessons that come out of LEGI will be significant for local authorities' civic leadership in the economy and for regional development as well as for business partners. As with the work on encouraging enterprise activity and ambition among young people, there will be lessons learned that we will expect to roll out much more widely as time goes on.

Both hon. Members made specific comments that were quite significant. The hon. Gentleman underlined the importance of enterprise in generating wealth, and I agree with him entirely. Indeed, my first point was that without economic prosperity and the creation of wealth, there will not be jobs, and without jobs there will not be local prosperity. There is no difference between us on that.

The hon. Gentleman also said that many company directors believe that it is harder to run a business. I suspect that that is true. It is a tough climate for business, and that is caused not just by Government regulation but by the amount of competition faced by businesses of all sizes. We are going through a period of intense change and major global competition, to which he referred. I believe that the Government have done more than he acknowledged to strip away regulation and relieve regulatory burdens. We have exempted nearly 900,000 companies from audit requirements on their accounts by raising the annual turnover threshold from £1 million to £5.6 million. That saves companies at least £94 million a year. We have provided the highest VAT threshold in Europe: from 1 April 2006, firms with a turnover of £61,000 or less do not have to register for or pay VAT. We have reduced payroll burdens for 1.2 million businesses, and there has been £300 million-worth of savings for businesses through reforms to tax administration in the 2005 pre-Budget report.

Efforts are being made to speed up the planning system. The introduction of financial incentives for SMEs to file payroll returns online has benefits for the Government and businesses. A new, simplified self-assessment return for those whose affairs are simple—for example, self-employed people with a turnover of less than £15,000 as well as employees and pensioners—is being developed. Forty pieces of out-of-date excise duty legislation were withdrawn or simplified on 1 March 2006. It is important to provide clearer information for businesses on regulatory changes and we have set up the www.businesslink.gov.uk website to help SMEs to find out how regulations apply to them and to engage with businesses and, through that, to link with the Supply2.gov.uk portal to simplify the opportunities for SMEs.

I am not suggesting that everything in the garden is wonderful. There is a lot of work to do and both hon. Members referred to some of the things that we need to do, but I hope that it is clear from that list that significant developments have continued to remove burdens on small businesses. We will certainly continue to work on de-proliferation and I am glad that we shall have the support of the hon. Member for Hertford and Stortford when trying to deal with the many strands of support that have been built up by successive Governments. I know from my experience at DEFRA that it is not easy to tackle those issues, but it is worth trying.

The hon. Gentleman asked which current schemes are under-performing and which should be scrapped, but he missed out those that should be combined. In some cases it would be possible to combine a number of different strands in a broader strand so that people can receive a more flexible response. In the longer term, there will be enlightenment on some of the issues that he raised as a result of the comprehensive spending review, which is considering how to lighten the burden of regulation as well as looking at where the benefits are greatest.

I am happy to respond positively to the hon. Gentleman's request to keep the House informed about the progress of the women's enterprise taskforce. I know that my hon. Friend the Minister for Women and Equality will be enthusiastic about doing so. The hon. Gentleman referred to failures; that is a matter of deciding whether the glass is half full or half empty. Almost 1 million women are self-employed, which is up 10 per cent. over the past four years. Of newly self-employed people, 36 per cent. are women compared with 27 per cent. of the currently self-employed. There is a particularly high increase in female entrepreneurial activity in the east of England, Scotland and the south-west, and we must look at why that is happening in some regions and not all. It is difficult to provide figures, but many women seem to be taking leadership roles in social enterprises. That may be due to a more value-driven approach and the link between that and their approach to family and community. That contribution can be valuable.

Over the past year I have found it inspiring that many business leaders are willing to try to inspire others. I have referred to Kevin Smith of GKN, Duncan Mitchell of Cisco and other senior people who have engaged with the information age partnership. It is essential that that area grows if we are to achieve the levels of productivity that all hon. Members in the Chamber aspire to. Roger Putnam of Ford is putting in time to improve the quality and reputation of the supply side of the motor industry. Those businesses and others have worked with us on the company law reform agenda and the "think small first" philosophy which is built into that.

Business leaders in the construction industry have been working on the TrustMark scheme to try to provide assurance for consumers as well as a level playing field of a higher quality within the industry. We have also seen business leadership among the chairs of the regional development agencies.

The hon. Gentleman referred to home as the place in which to start a business. He is right, but that should be balanced with the mutual stimulus and shared learning that is available when individuals who are starting up in business work together in nursery facilities.

The hon. Gentleman also referred to the effect of crime on the retail industry. I sponsored the shopfront security group in the House of Commons when we tried to persuade a Conservative Government to take the issue seriously, and I welcome his comments. There are schemes such as the crime reduction partnership under the Crime and Disorder Act 1998 and police community support officers, who often engage with retail businesses, particularly on estates, and in smaller shopping areas and smaller towns. The Clean Neighbourhoods and Environment Act 2005 was another of my babies and provides support for local authorities in partnership with business. I can also claim parentage of antisocial behaviour orders. All are important in helping business in relation to the crime that is a challenge to them. It was interesting that that was a topic, with healthy eating, at the Retail Consortium's parliamentary event which I attended in the House only last week.

Mr. Prisk: Given the Minister's interest and experience in the effect of crime on businesses, does he believe that it is wrong for police authorities and forces not to include business crime in their statistics? Inevitably, the targets that they are chasing exclude that, which will make business crime a secondary matter. Does he agree that many businesses would gain confidence, given what they pay to those authorities in taxes, to see business crime given the same level of priority and made a target?

Alun Michael: I am not going to enter into the Home Office's area of responsibility in measuring crime. However, I know that my colleagues in the Home Office have placed great emphasis on tackling crime in our high streets and its impact on businesses. That is why it was such an interesting topic of conversation. If the hon. Gentleman had heard the contribution from the assistant commissioner last week he would have had no doubt that it is high on the agenda of the Metropolitan police to work in partnership with industry and the wider community to reduce the impact of crime on the retail trade.

We have had an interesting and constructive debate and I hope that I have managed to address at least some of the issues that were raised by hon. Members. I will examine the record to see whether I left out anything and will, as I promised, provide information to all hon. Members present on the couple of points that I could not answer.

The hon. Member for Hertford and Stortford offered to commend the Government when we get things right. I welcome that balanced approach, which will keep him very busy.

Question put and agreed to.

Adjourned accordingly at nine minutes past Four o'clock.